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WRITER'S DIRECT LINE

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September 9, 1997

Joseph D. Lee
Michael E. Boudpy
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Rathley M. Mushann
Rathley M. Miller
Bandda A. Seville-Jones
Mark H. Epstein
Mohry W. Fullshann
Mohr

BUTTON A. GROSS
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REYNI S. MABUDA
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BLIZABETH EARLE BEBKE
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BLIZABETH GOLD
DEVON ALELANDER GOLD
DEVON ALELANDER
BESKEL
BLIZABETH EARLE
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BLIZABETH
BRUCE I. SEAREY
JONATHAN R. LEVEY
JONATHAN R. LEVEY
MIGHINDA I. DEBRIY

TA PROPERSIONAL CORPORATION

Lewis Maldonado, Esq.
ORC-3
U.S. Environmental Protection Agency
75 Hawthorne Street
San Francisco, CA 94105

VIA FEDERAL EXPRESS

Re: <u>BPOU Perchlorate PRPs</u>

Dear Lewis:

Enclosed are further documents relevant to additional perchlorate PRPs.

As already noted, Affiliated Gas acquired the complete business of Day & Night Manufacturing Co. from Dresser Industries, including all the liabilities shown on the balance sheet. See SEC registration statement p. 14. The important point here is that Affiliated Gas absorbed the complete business of Day & Night, its net worth which was developed from past business (such as World War II business), its goodwill, and its capacity to engage in business in the future. This last capacity was exploited by Affiliated.

The Day & Night transaction was entered into on January 5, 1949 and complete in April 1949. Although Day & Night was not producing military products at that time, within less than a year, it was bidding on defense contracts from the Armed Services and boasting of its World War II capacity and experience. In its 1950 annual report, Affiliated Gas stated:

Lewis Maldonado, Esq. September 9, 1997 Page 2

"More than 90% of Affiliated's World War II 'key' personnel still remain. In addition, new personnel with wide experience on military products have since been added to the staff."

The report continues to describes its World War II performance and specifically identifies the Azusa loading plant for photoflash bombs and pyrotechnic ground signals.

In its 1951 annual report, Affiliated Gas reports a backlog of \$35 million in defense contracts.

In its 1953 annual report, Affiliated Gas reports shipping \$24 million in defense products during 1953.

On February 1, 1955, Affiliated Gas sent a notice of special meeting of stockholders to vote an its merger with Carrier Corporation. In that notice, at page 8, it specifically notes the defense work of the Day & Night Division of Affiliated, stating:

"Commencing in 1951 and continuing through the present time, this division has engaged in the production of materials for defense, the major ones being several models of rocket heads for the Navy and fuel pods for the Air Force F-89 fighter planes. Currently, only this latter defense product is still being manufactured by Day & Night."

Based on these and documents previously sent to you, it is clear that in 1949, Affiliated Gas took on all the business of Day & Night Mfg. Co. including all its known liabilities. This business included the employees, experience and capacity to compete for and execute defense contracts. In 1950, Affiliated Gas exploited these employees, experience and capacity, "assets" if you will, to compete for military contracts relating to the Korean War. It was successful in this effort and was still executing defense contracts at the time that Affiliated was merged into Carrier. If "continuing business enterprise" means anything, it should include this history of Day & Night activities spanning both World War II and the Korean war.

An important aspect of the continuing business doctrine is that the niceties of state corporate law should not be used to permit responsibility for Superfund sites to *vaporize* into thin air whereby no one is responsible even though major corporations still exist today who exploited those assets for their own benefit in the past and may still be exploiting them today.

Munger, Tolles & Olson LLP

Lewis Maldonado, Esq. September 9, 1997 Page 3

Also included are additional National Archive documents which we have uncovered. A few are repeats obtained from different archives. I have marked some items of interest.

Sincerely,

PI

Peter R. Taft

PRT:mlp Enclosure [403009.2]

ARTICLES OF INCRPORATION

DAY AND NIGHT SOLAR HEATER COMPANY.

KNOW ALL MEN BY THESE PRESENTS:

That we, the undereigned, a majority of whom are citizens and residents of the State of California, have this day voluntarily associated ourselves together for the purpose of forming a CORPORATION under the laws of the State of California .

AND WE HEREBY CERTIFY.

FIRST. That the name of said Corporation is Day and Night Solar Heater Company.

SECOND. That the purposes for which it is formed are to manufacture, install, deal in, purchase or otherwise acquire, mortgage, sell, or otherwise dispose of solar, gas and electric heaters, and any and all kinds of apparatus, machinery, engines, boilers, tanks, dynamos, generators and any and all kinds of mechanical apparatus, machines, tools and utensils, and all kinds of plumbing and sanitary fixtures and supplies, and hardware, and hardware supplies incident thereto, and to conduct a general plumbing and hardware business; to deal in, to purchase or otherwise acquire; to sell, mortgage or otherwise dispose of real property or interests therein, and the shares of stock of other corporations and to purchase shares of its own stock and to hold and dispose of the same; to apply for, acquire, buy, sell, assign, lease, pledge, mortgage, or otherwise dispose of Letters Patent of the United States or any foreign country, and all or any rights territorial or otherwise thereunder.

THIRD. That the place where the principal business of said corporation is to be transacted is the City of Monrovia,

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LOS ANGRES

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County of Los Angeles, State of California.

FOURTH. That the term for which said Corporation is to exist is fifty years from and after the date of its incorporation.

FIFTH. That the number of Directors or Trustees of said Corporation is five, ami that the names and residences of Directors or Trustees who are appointed for the first year and to serve until the election or qualification of such officers are as follows, to-wit:

ROBERT M. Fleming, Monrovia, California.

D. P. Langsdon, Monrovia, California.

Wettie Miller, Monrovia, California.

Wm. J. Bailey, Monrovia, California.

Paran F. Rice, Los Angeles, California.

SIXTH. That the amount of the Capital Stock of said Corporation is One Hundred Thousand Dollars, and the number of Shares into which it is divided is Ten Thousand of the par value of Ten Dollars each.

SEVEN. That Five Thousand of the said Shares of Capital Stock shall be Preferred Stock, and that the remaining Five Thousand Shares of said Capital Stock shall be Common Stock; and that dividends shall be paid thereon as hereinafter set forth.

EIGHTH. The Preferred Stock shall be entitled out of any and all surplus net profits whenever ascertained to cumulative dividends at the rate of Seven (7%) Percent per annum in each and every year hereafter in preference and priority to any payment of any dividends on the Common Stock for such year which Common Stock shall be subject to the prior rights of holders of the 1: ferred Stock as herein declared.

If after providing for the payment of full dividends

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of Seven (7%) Percent for any year on the Preferred Stock and for any balance that may remain due on the cumulative dividends on such Preferred Stock for preceding years there shall remain any surplus net profits, any and all such surplus net profits shall be applicable to dividends upon the Common Stock for such year to the extent of but not exceeding Four (4%) Percent, which dividends upon the Common Stock shall not be cumulative. The remainder of any such surplus net profits shall then be applicable to the payment of further dividends upon the Preferred Stock to the extent of but not exceeding Three (3%) Percent and such further dividends on the Preferred Stock shall not be cumulative; and the balance, if any, of such surplus net profits after the payment of dividends as hereinabove provided shall then be applicable to the payment of further dividends on the Common Stock to the full extent of such balance.

Which has been actually subscribed is Five Shares of the Preferred Stock, and the amount of said Capital Stock which has been actually subscribed is Fifty Dollars and the following are the names of the persons by whom the same has been subscribed, to-wit:

WANTS OF SUBSCRIBERS.	NO. OF PREFERRED SHARES.	AMOUNT.
Robert M. Fleming,	On.e	Ten Dollars.
D. P. Langsdon,	On •	Ten Dollars.
Nettie Miller.	On €	Ten Dollars.
Wm. J. Bailey,	On e	Ten Dollars.
Paran F. Rice,	On e	Ten Dollars.

PARAN F. RICE ATTEMEN AT LAW 332-335 STREOM SULCOSEL IN WITHESS WHEREOF, we have hereunto set our hands and seals this Twenty-seventh day of January, A.D. 1911.

Robert M. Fleming	(8FAL)
D. P. Langedon	(BRAL)
Hettie Miller	(SPAL)
Wm. J. Bailey	(BRAL)
Paran F. Rice	(SPAL)

STATE OF CALIFORNIA) 88. COUNTY OF LOS ANGELES)

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13 14 15 On this Twenty-seventh day of January in the year A.D. One Thousand Hine Hundred and Eleven, before me, W. H. Evans A HOTARY PUBLIC in and for said County, residing therein, duly commissioned and sworn, personally appeared Robert M. Fleming, D. P. Langedon, Nettie Miller, Wa.J.Bailey, Paran F. Rice, known to me to be the persons whose names are subscribed to and who executed the within instrument, and acknowledged to me that they executed the same.

IN WITHESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

Notarial Seal My Commission W. H. Evans.

Expires
July 6, 1912. Notary Public in and for said
County of Los Angeles, State
of California.

STATE OF CALIFORNIA.

No/2357

I, H. J. LELANDE. County Clerk and ex-officio Clerk of the Superior Court, do
hereby certify the foregoing to be a full, true and correct copy of the original
large and figure of the control of the con

on file in my office, and that I have carefully compared the same with the original.

In Witness Whereof. I have hereunto set my hand and affixed the seal of the Superior Court this day of 1911.

H. J. LELANDE, County Clerk.

By E. C. Thomas

(3-Clark-Certified Conv.)

5012

CERTIFICATE OF INCREASE OF CAPITAL STOCK OF THE DAY AND NIGHT SOLAR HEATER COLPANY.

A Special Meeting of the Stockholders of the Day and Night Solar Heater Company, a corporation organized and existing under and by virtue of the laws of the State of California, was held at the hour of 2:00 p.m., of the 26th day of January, 1923, at the office of the Company, 902 South Myrtle Street, in the City of Monrovia, County of Los Angeles, State of California, said office where the said meeting was held being the principal place of business of said corporation, and said meeting was held in accordance with the Resolution and Order of the Board of Directors of said corporation calling said meeting and the notices thereof given, addressed and mailed as hereinafter set forth.

The meeting was called to order by President, W. J. Bailey, who acted as chairman of the meeting.

Secretary J. L. Smith acted as the Secretary of said meeting. The entire capital stock of said corporation was, on said 26th day of January, 1923, One Hundred Thousand (\$100,000.00) Dollars, divided into ten thousand (10,000) shares of the par value of Ten (\$10.00) Dollars each, and the total number of the subscribed and issued shares was, upon said date, Nine Thousand Six Hundred Ninety-eight (\$9,698.00) Dollars.

There were present in person six thousand seven hundred and five eighty/(6,785) shares, and by proxy two hundred and eighty-six (286) shares, making a total of seven thousand and seventy-one (7071) shares of the capital stock of said Company present represented in person and by proxy.

Upon motion duly made, seconded and carried the Chairman caused the Secretary to read the Resolution of the Beard of Directors calling the meeting of the said Stockholders, which Resolution is in words and figures as follows, to-wit:

"RESOLVED, That the President and Secretary of this Company be, and they are hereby authorized, empowered and directed to do any and all things necessary and proper toward the due amendment of the Articles of proper toward the due amendment of the Articles of Incorporation of this company, to the end that its name shall be changed from the Day and Night Solar lieater Company to the Day and Night Water Heater Company, and to the end that its capital stock shall be increased from 10,000 shares of the par value of \$10.00 each, divided into 5,000 shares of Preferred Stock and 5,000 shares of Common Stock to a total of 20,000 shares of the par value of \$10.00 each, divided into 15,000 shares of Preferred Stock and \$000 shares of Common Stock and \$200.000 shares of Common Stock and \$200.000 shares of Common Stock and 5,000 shares of Common Stock, aggregating \$200,000 par value of all the stock, and that said officers be, and they are hereby directed to call a special stockholders meeting for the purpose of obtaining the ratification and authorization of the stockholders to such change of name and such increase of capital stock, as herein resolved and authorized at the earliest time permitted by law, and to do any and all things necessary to ratify and consummate suc change of name and such increase of capital stock."

The Secretary then read to the meeting an Affidavit of Publication of the notice of the meeting of the Stockholders, copy of OF PLOUDHOTHER OF which is as follows:-

DAY AND STOR "APPIDAVIT OF PUBLICA

STATE OF CALLFORNIA County of Les Angeles)ss.

C. O. BROXAN Being first duly sworn, says: That he is now and was at all times herein mentioned, a citizen of the United States, over the age of 18 years; that he is one of the printers, publishers and proprietors of THE MUNROVIA MESSENGER a newspaper published and circulated weekly in the City of Monrovia, Los Angeles County, State of California: that the Notice of Special meeting, a copy of which is hereunto annexed and made a part of this affidavit, was published 5,000 shares of protocol in said newspaper. Ten Consecutive weeks and on the following days, to-wit:

Nov. 24, 1922; Dec. 1, 1922; Dec. 8, 1922; Dec. 15, 1922; Dec. 22, 1922; Dec. 29, 192; any and such come before the said projection.

ER MONTANT directing the President to cull a Special Meetin holders of said corporat ut the office and princh iness of said corrors Mrytle street, in t rovis, County of L California January, 1988, said day, for and actin gating \$300,000.00 pasetal poration from the 1 Heater Company to ing all the past (Signed)

W. J. Dalley, 1

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FRANK C. HRL

Jan. 5, 1923; Jan. 12, 1923; Jan. 19, 1923 and Jan. 26, 1923, that said publication was made in the regular issue of said newspaper and not in 3 any supplement thereof. C. C. Broxan 5 SUBSCRIBED AND SHORN TO before me this 26th 6 day of January, 1923. 7 Notary Public in and for the County bf Los 8 Q Angeles, State of California" 10 The Secretary, J. L. Smith, then read to the meeting her 11 Affidavit of Mailing Notices of said meeting, copy of which is as 12 follows: 13 14 "AFFIDAVIT OF MAILING. 15 STATE OF CALIFORNIA, COU. TY OF LOS ANGELES 16 J. L. 3.17H, being duly smorn deposes and says: 17 That she is, and at all times hereinbefore mentioned was, a citizen of the United States, and over the age of 21 years; that she is, and for more than one tear last past has been, Secretary of the Day & Night Solar Heater Company, a corporation organized and existing under and 18 19 20 poration organized and existing under and by virtue of the laws of the State of California; that at the 24th day of November, 1922, at the hour of 5:00 P.L., of said day, she addressed and mailed, postage prepaid, to each of the Stockholders of said corporation, whose names appeared on the books of said Company, as sufficiently addressed at his place of residence, the place of residence of each of said Stockholders, then and there and now 21 22 23 24 residence, the place of residence of each said Stockholders, then and there and now being known to affiant, a copy of which notice, hereto attached, is a true copy. 25 26 27 That the Stockholders to whom said notices were addressed and mailed, and the addresses to where the respective notices were mailed, are as follows, to-wit: 28 29 179 N. Melrose 1424 Franklin St. 30 m. J. Dailey தே. ப். Arthur irthur Bowring 31 116 West white Oak No. Ivy Ave. Catherine wilson J. G. Cartter 32

FRANK C. HILL beauty and beautiful of Arm Byrthoric fact. Back find for Angelon, Col.

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Robt. M. Fleming
Norman E. Ross
Emms F. Hiscock
John P. Roberts
                                                                                                                                                        Menrovia, Califl
Lang, Calif.
                                                                                        316 E. Orange Ave.
 .1
                                                                                                                                                        Spencerport, N.Y.
Hollywood, Calif.
Momovia, Calif.
                                                                                         Rm.10 lst Nat. Bank
312 E. Lemon
        L. Barnes
Lrs. B. fiddick
Theresa Gertrude Williamson,
Lester M. Jones
Freeman R. Derby
                                                                                                                                                        Momovia, Calif.
Duarte, Calif.
Santa Barbara, Cal
Los Angeles, Cal.
Los Angeles, Cal.
                                                                                         4 Ivy Court, 1550 Temple St.
                                                                                         310 N. Larchmont
509 Capital Ave. North
167 N. Encinitas
  5
                                                                                                                                                         Lansing, Mich.
Monrovia, Calif.
           J. W. Bailey
                                                                                                                                                        Monrovia, Cali:
Lansing, Mich.
          J. Arden Knox
                                                                                         226 Genesee St.
37 Sherwood Ave.
R.#1, Box 6-C
           Mrs. Agnes Neaman
                                                                                                                                                         Ossining, N.Y.
Lemoore, Calif.
          Liss Emily Lockwood,
  7
        T. J. Bassett

Mrs. Helen Dravenstatt

Mrs. Chas. 5, Smith,

Lrs. Walter 5. Foster,

Miss Stella J. Bailey,

Mrs. Ross Handy
                                                                                                                                                         Lemoore Cal
Eagle, Mich.
                                                                                         320 W. Hillsdale St. Lansing Mich.
325 Chestnut St. North, Lansing, Mich.
509 Capital Ave. North, Lansing, Mich.
1001 Ottawa St. West,
725 Valley View
490 Golumbia Ave.
482 West 2d St.
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          Mrs. Lawrence C. Towne,
J. G. Barks
                                                                                                                                                        Lansing, Mich.
Mo mrovia. Calif.
Pomona, Calif.
Pomona, Calif.
Glendale, Calif.
El Monte, Calif.
Monrovia. Calif.
Pasadeaa, Calif.
Los Angeles. Cal.
Riverside, Cal.
Riverside, Cal.
Honrovia, Calif.
Lo mrovia, Calif.
11
          August Dabbert
H. G. Reid
O. Spencer
                                                                                          482 West 2d St.
12
                                                                                          1537 W. Broadway
         U. Spencer
Mrs. Mm. Dauner
Ers. Mm. F. Marshall
Mrs. Mary S. Cobb
Liss Lucy C. Harper
J. L. Gilliland
A. S. Mead
Mrs. Helen D. Bailey
D. G. Stephens
H. M. McPhesters
13
                                                                                          698 W. white Oake
                                                                                         1140 Pasadena Ave.
419 Security Bldg.
269 Loring Bldg.
209 Loring Bldg.
179 No. Melrose
149 East Malnut
310 N. Citrus Ave.
P. O. Box 486
514 King St.
408 No. Maryland Ave.
252 Stedman Place
Foothill Blvd.
                                                                                          1140 Pasadena Ave.
15
16
                                                                                                                                                         Lo movia, Calif.
Covina, Calif.
Riverside, Calif.
Monrovia, Calif.
         H. M. McPheeters
E. C. Kennedy
Josephine L. Smith
Mrs. Mannie L. Brown
17
18
                                                                                                                                                         Glendale, Calif.
           Frank a. nood
                                                                                          252 Stedman Place Monrovia, Cal. Foothill Blvd. Monrovia, Cal. 632 Metropolitan Bldg. Los Angeles, Cal.
19
          J. S. Jones
C. N. Boley
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           Subscribed and sworn to before me
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          this 26th day of January, 1923.
23
             SEAL )
         (SEAL) R. H. Bush.
Notary Public in and for the County
of Los Angeles, State of California.
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          My Commission Expires December 31, 1923.
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FRANK C. WILL

The President then announced that due and regular notice of such meeting had been made as required by law, and that the meeting was ready and competent to transact business, and the following resolution was then introduced by J. L. Smith;

"WHEREAS, the Directors of the Day and Night Solar Heater Company, as expressed in a Resolution of said Board, adopted at a meeting thereof, on the 23rd day of November, 1922, deemed it expedient and for the best interests of the Company to increase the capital stock from One Hundred Thousand (\$100,000) Dollars to Two Hundred Thousand (\$200,000) Dollars, and change the name of the corporation;

NOW, THEREFORE, BE IT RESOLVED, that the President and Secretary of this Company be, and they are hereby authorized, empowered and directed to do any and all things necessary and proper toward the due amendment of the Articles of Incorporation of this Company, to the end that its name shall be changed from the Day and Night Solar Heater Company to the Day and Night water Heater Company, and to the end that its capital stock shall be increased from ten thousand (10,000) sharem of the par value of Ten (\$10.00) Dollars each, divided into five thousand (5,000) shares of preferred stock, and five thousand (5,000) shares of common stock, to a total of twenty thousand (20,000) shares of the par value of Ten (\$10.00) Dollars each, divided into fiftee thousand (15,000) shares of preferred stock, of the same terms and conditions and preferences governing the authorization and issuance of its original preferred stock, and five thousand (5,000) shares of common stock, aggregating Two Hundred Thousand (\$200,000) Dollars par value of all the stock, and that said officers be, and they are hereby directed to do any and all things necessary to ratify and consummate such change of name and such increase of capital stock."

J. L. Smith then moved the adoption of the Resolution as read, which was duly seconded by C. N. Boley.

After some discussion of the question the President directed a roll call to be taken on the Resolution as moved and seconded, and upon said Resolution being put to vote the same was unanimously carried and adopted.

All of the Stockholders present, as aforesaid, together with all proxy holders, as aforesaid, voting in the affirmative and no one refusing to vote or voting in the negative.

Sorretary of said Leeting and the Day and Night Solar Heater Company.

FRANK C. WILL

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We, the undersigned, W. J. Bailey, Chairman, and J. L. Smith. Secretary of the aforesaid Special Meeting of the Stockholders of the Day and Night Solar Heater Company, a corporation organized and existing under and my virtue of the laws of the State of California, and Helen D. Bailey, Frank E. Wood and R. L. Fleming, being all of the members constituting the Board of Directors of said Company, do hereby certify that all of the foregoing is a true and correct record of the proceedings had and the business done at said meeting of stockholders; and we further certify that the board of Directors of said Company, on the 23rd day of November, 1922, at a duly called meeting of said Board, at which all the members of said Board were present, unanimously/and adopted the Resolution set forth in the foregoing proceeding as having been adopted by the Board, and in pursuance of said Resolution and order of said Board of Directors, notice of said meeting of stockholders (which said notice is hereinbefore set forth) was given by publication once a week for at least sixty days, in a newspaper published in the County where the principal place of business of said Company is located, in the manner stated in the foregoing copy of Addidavi of Publication; and that the Secretary of said corporation also address ed a copy of said notice to each of its stockholders at the last known place of residence at least thirty days before the day appointed for said meeting of stockholders, in the manner stated in the foregoing Certificate of Affidavit of Secretary J. L. Smith; that said meeting of stockholders was held at the time and place indicated in said notice, and that said meeting was at the principal place of business of said corporation, and at the building and place where the Board of Directors ısually me∈t; that at said Special Meeting of the Stockholders held on the 26th day of January, 1923, at:2:00 p.m. of said day, as aforesaid. there were present in person and by proxy more than two-thirds of the total subscribed and issued capital stock, to-wit, a total of 7071 shard that the Resolutions set out in the foregoing statement as being passed and adopted at said meeting of stockholders were duly adopted by the

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affirmative vote of all of the stock so represented, in person or proxy at said meeting; that thereupon and thereby the capital stock of said corporation was increased from ten thousand (10,000) shares of the par value of Ten (\$10.00) Dollars each, divided into five thousand (5,000) shares of preferred stock and five thousand (5,000) shares of common stock, to a total of twenty thousand (20,000) shares of the par value of Ten (\$10.00) Dollars each, divided into fifteen thousand (15,000) shares of preferred stock and five thousand (5,000) shares of common stock, aggregating Two Hundred Thousand (\$200,000) Dollars par value of all the stock.

IN MITNESS MERMOF, we have hereunto set our hands and seals this of day of February, 1923.

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Chairman of said Meeting and President of the Day & Night Solar Heater Company.

Tank E. W col Director of said Day and Night Solar Heater Company. Secretary of said Meeting and of said Day and Night Solar Heater Company.

Director of said bay and Ment Solar Heater Company.

Director of said Day and Night Solar Heater Company.

STATE OF CALIFORNIA. (ss. COUNTY OF LOS ANGELES)

On this day of February, 1923, before me, Collaboration, a Notary Public in and for the County of Los Angeles, State of Calif., residing therein, duly commissioned and qualified, personally appeared d. J. Bailey, J. L. Smith, Helen D. Bailey, Frank M. Mood and R. M. Fleming, known to me to be the Directors of the Day and Night Solar Heater Company, the corporation mentioned in the foregoing Certificate

FRANK C. MLL Secretary and destroyles or from the fragment. Sec. the fragment. Sec.

1 of proceeding, and to be and constitute all of the Board of Directors 2 of the Day and Night Solar Heater Company, and that each duly and 3 verily acknowledge that they execute the foregoing instrument as such Birectors respectively. IN WITNESS WHEREOF, I have hereunto set my hand and affixed 5 my official seal in said County, the day and year in this certificate 6 first above written. 7 My Commission Expires December \$1, 1993 8. **'** 9 in and for the County of Los Angeles, State of California. 10 11 12 STATE OF CALIFORNIA (SOUNTY OF LOS ANGELES) 13 W. J. Bailey, President of the Day and Night Solar Heater Com-14 pany, the corporation mentioned in the foregoing Certificate, and J. 15 L. Smith. Secretary of said corporation, being each duly sworn, dach 16 for himself deposes and says: 17 That he has read the foregoing Certificate and knows the con-18 tents thereof, and that the facts and statements contained therein are 19 true of his own knowledge. 20 21 22 23 Secre tary Subscribed and sworn to before me 24 this mark day of February, 1923. 25 Notary Public in and for the County of Los Angeles, State of California. , 26 Notary Public in and for . 27 My Commission Expires December 31, 1923 28 29 30 31

FRANK C. HYLL Secretary and Generalize Services that State Sec Services that Secretary

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14-64066.

No. 118994 64066

IN THE

Superior Court

OF THE

STATE OF CALIFORNIA,

In and for the County of Los Angeles.

IN THE MATTER OF THE AFTLICATION OF THE DAY AND NIGHT SOLAR HEATER COMPANY FOR AUTHORITY TO CHANGE ITS MAKE TO THE DAY AND NIGHT MATER HEATER COMPANY.

Defeliali

OFDER FOR CHANGE OF NAME.

Received copy of the within

his.....day of......19.

Allerney For I-L-E-D

MAR 30 1923

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FRANK C. HILL

Zero MERCHARTS NAT'L BARK BLDG., STH AND SPRING ST

Ziddi. Nam 1741 LOS ANGELES, CAL

Applicant.

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is the office of the Secretary of State
Of THE STATE OF MALIFORNIA

APR 2 - 1924

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IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA. IN AND FOR THE COUNTY OF LOS ANGELES.

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IN THE MATTER OF THE APPLICATION OF THE DAY AND HIGHT SOLAR HEATER COMPANY FOR AUTHORITY TO CHANGE I NAME TO THE DAY AND HIGHT WATER BEATER COMPANY.

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Bo. 117994 ORDER FOR CHANGE OF HAME.

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Upon reading and filing the petition of the DAY AND NIGHT SOLAR HEATER COMPANY, a corporation organised for profit in carrying on the manufacturing and other businesses mentioned in its Articles of Incorporation, incorporated under the laws of the State of Calif. on the 31st day of January, 1911, located and doing business in the City of Monrovia, County of Los Angeles, State of California, at 902 South Myrtle Street, and praying for leave to take and assume the name of DAY AND NIGHT WATER HEATER COMPANY, in place of its present corporate name, and the Court being fully advised in the premises. andoon hearing, good cause appearing therefor, and there being no reasomble objection to the change of name proposed, there having

STATE OF CALIFORNIA, J. ss. COUNTY OF LOS ANGELES

No. 117994

I, L. E. LAMPTON, County Clerk and ex-officio Clerk of the Superior Court, do hereby certify the foregoing to be a full, true and correct copy of the original on file in my office, and that I have carefully compared the same with the original. In Mitness Whereaf, I have hereunto set my hand and affixed the seal of the Superior Court this. L. E. LAMPPON, County Clerk. Deputy Clerk.

(75-C)erk-Certified Copy)

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Ma_182685 Dept.

IN THE

Superior Court

OF THE

STATE OF CALIFORNIA.

in and for the County of Los Angeles.

IN THE MATTER OF THE APPLICATION OF THE DAY AND NIGHT SOLAR HEATER COMPANY FOR AUTHORITY TO CHANGE TO THE DAY AND NIGHT WATER HEATER COMPANY.

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ORDER FOR CHANGE OF NAME.

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L. E. (AMPTON, County Clerk

FRANKE JORDAN

SECRETARY OF MATE

SEPRITY

FILED in the office of the Secretary of State OF THE STATE OF CALIFORNIA



FRANK C. HILL

SIS MERCHANTS NAT'L BANK BLDG., STN AND SDOWN OF

LOS ANGELES, CAL

Attemey for

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IN THE MATTER OF THE APPLICATION (OF THE PAY AND NIGHT SOLAH HEATER COMPANY FOR AUTHORITY TO CHANGE ITS) NAME TO THE DAY AND NIGHT WATER HEATER COMPANY.

No. 182625 ORDER FOR CHANGE OF NAME.

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Upon reading and filing the petition of the Day and Night Solar Heater Company, a corporation organized for profit in carrying on the manufacturing and other businesses mentioned in its Articles of Incorporation, incorporated under the laws of the State of Calif. on the 31st day of January, 1911, located and doing business in the City of Monrovia. County of Los Angeles. State of California. and praying for leave to take and assume the name of DAY AND NIGHT WATER HEATER COMPANY, in place of its present corporate name, and the Court being fully advised in the premises, and on hearing, good cause appearing therefor, and there being no reasonable objection to the change of name proposed, there having been filed in evidence the Certificate of the Secretary of State that the name which said corporation proposes to assume is not the name of any other domestic corporation, or a name which he deems so nearly resembling such name as to mislead and deceive the public, and that said petition has been duly authorized, and that due notice of the presentation and hearing of said petition has been made and duly given as required by law. by publishing the same in the Los Angeles Daily Journal, a newspaper published and circulated in the County of Los Angeles, State of California, as appears by the Affidavit of G. Arts; of counsel for said petitioner.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the Day and Night Solar Heater Co. be authorized and it is hereby authorized to take and assume the name of DAY AND NIGHT MATER HEATER COMPANY in the place of its present name.

Judge of said Superior Surt.

LAMPTON, COUNTY CLERK AND CLERK OF THE SUPERIOR

LAMPTON, COUNTY (6) AND CORNER OF THE SUPERIOR

COUNTY (6) AND COUNTY OF COUN

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the place of its present name.

Judge
DATED: this 29 day of December, 1925.

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(Name changed DAY & NIGHT WATER HEATER COLPANY, LTD., (Onpital Stock increased from \$200,000, to \$500,000.)



FILED

the efficient the Secretary of Protection STATE OF CALLICENTA OCT 2.31929

CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION OF

DAY & NIGHT WATER HEATER COMPANY.

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Friedbader, Mericol & Bray ATTORNETS AT LAW We, the undersigned, the president and secretary of DAY & NIGHT WATER HEATER COMPANY, a corporation organized and existing under and by virtue of the laws of the State of California, DO HEREBY CERTIFY:

That we are the president and secretary, respectively, of Day & Night Water Heater Company, a corporation organized and existing under and by virtue of the laws of the State of California.

That on the 10th day of September, 1929, at a special meeting of the Board of Directors of said Day & Night Water Heater Company, duly and regularly convened and held at the office of the corporation in Monrovia, California, pursuant to waiver of notice and consent of the members of the Board of Directors, all of the members of said Board of Directors were present and participated in all of the proceedings hereinafter mentioned, and said Directors, by their unanimous vote at said meeting adopted a resolution whereby said Directors authorized the change of name of this corporation and the increase of the capital stock of this corporation, which resolution as in the words and figures following, to-wit:

RESOLVED: that the name of this corporation be, and it hereby is, changed from Day & Night Water Heater Company to Day & Night Water Heater Company, Ltd., and

IT IS HEREBY FURTHER RESOLVED: that the authorized capital stock of this corporation be, and it hereby is, increased from the sum and amount of Two Hundred Thousand Dollars (\$200,000.00) to the sum and amount of Five Hundred Thousand Dollars (\$500,000.00), and

IT IS HEREBY FURTHER RESOLVED: that said increase of authorized capital stock of this corporation shall be upon the following terms and effected in the following manner:

That Article <u>Six</u> of the Articles of Incorporation of this Corporation shall be, and it hereby is, amended to read as follows, to-wit:

"Article <u>Six</u>: That the amount of the capital stock and the number of shares into which it is divided, and the par value thereof, shall be as follows:

The total authorized capital stock shall be Five Hundred Thousand Dollars (\$500,000.00), divided into Fifty Thousand (50,000) shares, of which Five Thousand (5,000) shares shall be common capital stock of the par value of Ten Dollars (\$10.00) per share, and Fifteen Thousand (15,000) shares shall be ORIGINAL PREFERRED capital stock of the par value of Ten Dollars (\$10.00) per share and Thirty Thousand (30,000) shares shall be SEVEN PER CENT PREFERRED capital stock of the par value of Ten Dollars (\$10.00) per share.

The holders of said ORIGINAL PREFERRED capital stock shall be entitled to dividends thereon at the rate of seven per cent (7%) per annum and the holders of said SEVEN PER CENT PREFERRED capital stock shall be entitled to dividends thereon at the rate of seven per cent (7%) per annum before any dividends shall be declared on said common stock, and said dividends on said ORIGINAL PREFERRED and SEVEN PER CENT PREFERRED capital stock shall be cumulative; dividends shall be paid on ORIGINAL PREFERRED and SEVEN PER CENT PREFERRED capital stock without priority or advantage to the holders of either ORIGINAL PREFERRED or SEVEN PER CENT PREFERRED capital stock; after payment of dividends to the extent of seven per cent (7%) on ORIGINAL PREFERRED and SEVEN PER CENT PREFERRED capital stock, said ORIGINAL PREFERRED shall participate in additional dividends to the extent of three per cent (3%) per annum, which said participation of three per cent (3%) per annum shall be nonoumulative, and shall be exercisable and effective only after the holders of the common capital stock shall have received a dividend of four per cent (4%) per annum on their said common capital stock, but which said dividend of four per cent (4%) per annum to the holders of said common capital stock shall be non-cumulative.

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The SEVEN PER CENT PREFERRED capital stock shall be subject to call, and redeemable at the price of Eleven Dollars (\$11.00) per share together with accrued dividends, on any dividend date, as declared by the Board of Directors.

In the event of the liquidation or dissolution of the corporation the holders of the ORIGINAL PREFERRED capital stock and the holders of the SEVEN PER CENT PREFERRED capital stock shall share equally with the holders of the common stock, share and share alike.

No preference shall be granted nor shall any distinction be made as to voting power between the holders of shares of capital stock of this corporation.

Whenever dividends at the rate of seven per cent (7%) per annum shall have been paid the holders of the ORIGINAL PREFERRED capital stock and the holders of the SEVEN PER CENT PREFERRED capital stock, and dividends at the rate of four per cent (4%) per annum shall have been paid the holders of the common capital stock and dividends at the rate of three per cent (3%) per annum shall have been paid the holders of the ORIGINAL PREFERRED capital stock, then and in that event any further sums, amounts, profits or money available for dividend purposes and any further dividends shall be paid the holders of the common capital stock."

IT IS HEREBY FURTHER RESOLVED: that the change of name of this corporation from Day & Night Water Heater Company to Day & Night Water Heater Company, Ltd. shall be made and effected in the following manner:

That Article One of the Articles of Incorporation of this corporation shall be, and it hereby is, amended to read as follows, to-wit:

"ARTICLE ONE: That the name of this corporation is and shall be

DAY & NIGHT WATER HEATER COMPANY, LTD.

IT IS HEREBY FURTHER RESOLVED: that a meeting of the stockholders of this corporation shall be called, and the president and/or secretary be, and they hereby are, authorized and instructed to call a meeting of the stock-

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holders of this corporation to consider and vote upon the change of name of this corporation and the increase of the authorized capital stock of this corporation in the amount, terms and manner hereinabove set forth and mentioned, and

IT IS HEREBY FURTHER RESOLVED: that if. and provided that the holders of at least two thirds (2/3) of the issued and outstanding shares of the common capital stock and the holders of at least two thirds (2/3) of the issued and outstanding shares of the preferred capital stock of this corporation, at said meeting, shall wote and approve or shall at any time give their written assent to the amendments of the Articles of Incorporation and to the changes hereinabove resolved and provided for, the president and secretary of this corporation are hereby authorized and directed to execute the certificate in the manner and form provided by law to be executed and filed with the Secretary of State of California for the amendment of Articles of Incorporation, and the president and secretary are hereby authorized and instructed to do any and all other matters and things necessary and/or incidental to the carrying out of the amendments of the Articles of Incorporation and this resolution.

stockholders of said Day & Night Water Heater Company, held a meeting at Monrovia, California, and at said meeting approved the resolutions adopted by the Board of Directors as hereinabove set forth, and the resolution and minutes of the meeting of said stockholders contained a copy and recited and set forth the resolutions adopted by the Board of Directors as hereinabove set forth; that there has been filed with the Secretary of this corporation written assents of stockholders holding 14201 shares of preferred capital stock and 4968 shares of common capital stock assenting to and approving the resolutions adopted by the Board of Directors as hereinabove set forth, and which said written assents contained a copy of the resolutions adopted by the Board of Directors as hereinabove set forth.

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That the total number of shares of the issued and outstanding capital stock of said corporation represented by the said written assent filed with said Secretary was 14201 shares of preferred capital stock and 4968 shares of common capital stock.

That said corporation at all times herein mentioned had and has now only the preferred and common shares of capital stock herein mentioned and described.

That said Day & Night Water Heater Company, by the action of its Board of Directors and its stockholders hereinabove set forth, authorized and provided for the increase of the capital stock of said corporation from Two Hundred Thousand Dollars (\$200,000.00), divided into Five Thousand (5,000) shares of common capital stock of the par value of Ten Dollars (\$10.00) each and Fifteen Thousand (15,000) shares of preferred capital stock of the par value of Ten Dollars (\$10.00) each, to Five Hundred Thousand Dollars (\$500,000.00) divided into Five Thousand (5,000) shares of common capital stock of the par value of Ten Dollars (\$10.00) each and Fifteen Thousand (15,000) shares of ORIGINAL PREFERRED capital stock of the par value of Ten Dollars (\$10.00) each, and Thirty Thousand (30,000) shares of SEVEN PERCENT PREFERRED capital stock of the par value of Ten Dollars (\$10.00) per share, and also authorized and provided for the change of name of this

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Friedlander, Martinel & Bray ATTORNETS AT LAW corporation from Day & Night Water Heater Company to DAY AND NIGHT WATER HEATER COMPANY, LTD.

As president of safe corporation.

As secretary of said corporation.

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STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES

SO

 S3.

W. J. BAILEY and J. L. SMITH, being first duly sworn, each for himself and not one for the other does depose and say:

NIGHT WATER HEATER COMPANY, LTD., the corporation mentioned in the foregoing Certificate, and that said J. L. Smith is the secretary of DAY & NIGHT WATER HEATER COMPANY, LTD., the corporation mentioned in the foregoing Certificate; that they have signed the foregoing Certificate in their official capacities and do make this affidavit and verification in their official capacities and as the president and secretary, respectively; and for and on behalf of DAY & NIGHT WATER HEATER COMPANY, LTD., that they have, and each of them has, heard read the above and foregoing Certificate and knows the contents thereof; that the same is true of their own knowledge except as to those matters and things therein stated upon information or belief and as to those they believe it to be true.

It f. Bailey

Subscribed and sworn to before me this 1924 day of October, 1929.

Notary Public in and for the State of California and County of Los Angeles.

Elibrida pron 23' 1330

 Friedunder, Marteel & Bro ATTOONEYS AT LAW

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CATE OF AMENDMENT OF ARTICLES OF RATION OF DAY AND NIGHT WATER 70. LTD.

gned, W. J. Bailey and W. A. Chammess, hereby respectively and have been at all times herely elected and acting President and Secretary Heater Co. Ltd., and further that: special meeting of the Board of Derectors of By held at its principal office for the transsection of busines of Monrovia, California, at 10:00 o'clock A. M. on the 19th, day of July, 1940, at which meeting there was at all 14386 of fare a Att and a current of the members of said board. the latticeing reservation were duly adopted:

EBY RESOLVED, That the change of name of the & wight Water Heater Company, LtD., to DAY & AD | FIRST MANUFACTURISD COMPANY shall be made and effected in the fol-

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BY FURTHER RESOLVED, That Article One of the Articles of Theory's ation of this corporation be, and it is hereby Collows, to-wit: me: That the name of this corporation is and

AY & NIGHT MANUFACTURING COMPANY

774 is the Hundred 20

17 IS REG WED, That the authorized capital stock of this it is hereby increased from the sum and amount to the sum and amount to the sum and amount ousand Dollars (\$700,000)*

the control of and the settle of this corporation shall be upon the following manner:

s Art she Six of the Articles of Incorporation of this supported a small was and it is hereby amended to read as follows,

SADIGE almost of states thell be to follow

That the amount of the capital stock and the by which it is divided, and the par value thereof,

itsi stock of hor of Latter of the delight of

The total authorized capital stock shalloe Seven Hundred Thousand Dollars (200,000) divided into Seventy Thousand (70,000) shares, of which F e Thousand (5,000) shares shall be COMMON capwalue of Ten Dollars (\$10.00) per share, Pifters The 15 and 10,000) shares be ORIGINAL PREFERRED capital stock of the part of Ten Dollars (\$10.00) per share, Seventeen Thousand Capital (17,500) shares shall be SEVEN PER CENT PREof the par value of Ten Dollars (\$10.00) pe share
Thousand Five Hundred (32,500) shares shall share the par value of Ten of the par value of Ten Dollars (\$10.00) per Thousand Five Hundred (32,500) shares shall share.

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The holders of said ORIGINAL PREFERRED capital stock shall be entitled to dividends thereon at the rate of seven per cent (7%) per annum, the SEVEN PER CENT PREFERRED capital stock shall be entitled to dividends thereon at the rate of seven per cent (7%) per annum, and the holders of SIX PER CENT PREFERRED capital stock shall be entitled to dividends thereon at the rate of six per cent (6%) per annum before any dividends shall be declared on said COMMON stock, and said dividends on said ORIGINAL PREFERRED , SEVEN PER CENT PREFERRED and SIX PER CENT PREFERRED capital stock shall be cumulative; dividends shallbe paid on ORIGINAL PREFERRED, SEVEN PER CENT PREFERRED and SIX PER CENT PREFERRED capital stock without priority or advantage to the holders of either ORIGINAL PRE-FERRED, SEVEN PER CENT PREFERRED or SIX PER CENT PREFERRED capital stock; after payment of dividends to the extent of seven per cent (7%) on ORIGINAL PREFERRED and SEVEN PER CENT PREFERRED and six per cent (6%) on SIX PER CENT PREFERRED capital stock, said URIGINAL PREFERRED shall participate in additional dividends to the extent of three per cent (5%) per annum, which said participation of three per cent (5%) per annum shall be non-cumulative, and shall be exercisable and effective only after the holders of the COMMON capital stock shall have received a dividend of four per cent (4%) per annum on their said COMMON capital stock, but which said dividend of four per cent (4%) per annum to the holders of said COMMOs capital stock shall be non-cumulative.

The SEVEN FER CENT PREFERRED capital stock shall be subject to call, and redeemable at the price of \$11.00 per share, and accrued dividends thereon, and the SIX PER CENT PREFERRED capital stock shall be subject to call, and redeemable at the price of \$10.50 per share, and accrued dividends thereon, on any dividend date, as declared by the Board of Directors.

In the event of the liquidation or dissolution of the corporation, the holders of the ORIGINAL PREFERRED capital stock and the holders of the SEVEN PER CENT PREFERRED capital stock and the holders of the SIX PER CENT PREFERRED capital stock shall share equally with the holders of the COMMON stock, share and share alike

No preference shall be granted nor shallany distinction be made as to woting power between the holders of shares of capital stock of this corporation.

Whenever dividends at the rate of seven per cent (7%) per annum shall have been paid to holders of the ORIGINAL PREFERRED capital stock and the holders of the SEVEN PER CENT PREFERRED capital stock, and dividends at the rate of six per cent (6%) per annum shall have been paid to the holders of the SIX PER CENT PREFERRED capital stock, and dividends at the rate of four per cent (4%) per annum shall have been paid to the holders of COMMON capital stock, and dividends at the rate of three per cent (5%) per annum shall have been paid to the holders of the ORIGINAL PREFERRED capital stock, then and in that event any further sums, amounts, profits or money available for dividend purposes, and any further dividends shall be paid the holders of the COMMON capital stock.

TWO: At a special meeting of the share holders of said Corporation duly held at its said principal office for the transaction of business at 10:50 A. M. on the 12th. day of August, 1940, the following Resolutions were adopted.

DUNN & STURGEON
ATTORNEYS AT LAW
SOLD-A HEYELE MEMBERS
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WHEREAS, at a special meeting of the Board of Directors of Day & Night Water Heater Co. Ltd., a California corporation, duly held at the principal office for the transaction of business of said corporation at Monrovia, California, on the 19th. day of July, 1940, at which meeting a quorum of the members of said board was at all times present and acting, amendments of the Articles of Incorporation of said corporation were adopted and approved by resolution of said Board amending Article One and Six of said Articles of indurporation to read as follows:

ARTICLE ONE: That the name of this Corporation is and shall be

DAY & NIGHT MANUFACTURING COMPANY

ARTICLE SIX: That the amount of the capital stock and the number of shares into which it is divided, and the par value there-of, shall be as follows:

The total authorized capital stock shall be Seven Hundred Thousand Dollars (\$700,000) divided into Seventy Thousand (70,000) shares, of which Five Thousand (5,000) shares shall be COMMON capital stock of the par value of Ten Dollars (\$10.00) per share, Fifteen Thousand (15,000) shares to ORIGINAL PREFERRED capital stock of the par value of Ten Dollars (\$10.00) per share, Seventeen Thousand Five Hundred (17,500) shares shall be SEVEN PER CENT PREFERRED capital stock of the par value of Ten Dollars (\$10.00) per share, and Thirty Two Thousand Five Hundred (32,500) shares shall be SIX PER CENT PREFERRED capital stock of the par value of Ten Dollars (\$10.00) per share.

The holders of said ORIGINAL PREFERRED capital stock shall be entitled to dividends thereon at the rate of seven per cent (7%) per annum, the SEVEN PER CENT PREFERRED capital stock shall be entitled to dividends thereon at the rate of seven per cent (7%) per annum, and the holders of SIX PER CENT PREFERRED capital stock shall be entitled to dividends thereon at the rate of six per cent (6%) per annum before any dividends shall be declared on said Common stock, and said dividends on said ORIGINAL PREFERRED, SEVEN PER CENT PREFERRED and SIX PER CENT PREFERRED capital stock shall be cumulative; dividends shall be paid on ORIGINAL PREFERRED, SEVEN PER CENT PREFERRED and SIX PER CENT PREFERRED capital stock without priority or advantage to the holders of either URIGINAL PREFERRED, SEVEN PER CENT PREFERRED or SIX PER CENT PREFERRED capital stock: after payment of dividends to the extent of seven per cent (7%) on ORIGINAL PREFERRED and SEVEN PER CENT PREFERRED and six per cent (6%) on SIX PER CENT PREFERRED capital stock, said URIGINAL PRE-FERRED shall participate in additional dividends to the extent of three per cent (5%) per annum, which said participation of three per cent (3%) per annum shall be non-cumulative, and shall be exercisable and effective only after the holders of the COMMUN capital stock shall have received a dividend of four per cent (4%) per annum on their said COMMON capital stock, but which said dividend of four per cent (4%) per annum to the holders of said COMMUN capital stock shall be non-cumulative.

The SEVEN PER CENT PREFERRED capital stock shall be subject to call, and redeemable at the price of \$11.00 per share, and accrued dividends thereon, and the SIX PER CENT PREFERRED capital stock shall be subject to call, and redeemable at the price of \$10.80 per share, and accrued dividends thereon, on any dividend date, as declared by the Board of Directors.

In the event of the liquidation or dissolution of the cor-

poration, the holders of the ORIGINAL PREFERRED capital stock and the holders of the SEVEN PER CENT PREFERRED capital stock and the holders of the SIX PER CENT PREFERRED capital stock shall share equally with the holders of the COMMON stock, share and share alike

No Preference shall be granted nor shall any distinction be made as to voting power between the holders of shares of capital stock of this corporation.

Whenever dividends at the rate of seven per cent (7%) per annum shall have been paid to holders of the ORIGINAL PREFERRED Capital stock and the holders of the SEVEN PER CENT PREFERRED capital stock, and dividends at the rate of six per cent (6%)per annum shall have been paid to the holders of the SIX PER CENT PREFERRED capital stock, and dividends at the rate of four per cent (4%) per annum shall have been paid to the holders of COMMON capital stock, and dividends at the rate of three per cent (3%) per annum shall have been paid to the holders of the ORIGINAL PREFERRED capital stock, then and in that event any further sums, amounts, profits, or money available for dividend purposes, and any further dividends shall be paid the holders of the COMMON capital stock.

NOW THEREFORE, BE IT RESOLVED, that the foregoing amendments of the Articles of Incorporation of this Corporation be and the same are hereby adopted and approved by the shareholders of the Corporation and that Articles One and Six of the Articles of Incorporation of this Corporation be amended to read as herein set forth⁸.

THREE; The foregoing amendments were adopted at said shareholders meeting by the total vote of 30,744 shares.

FOUR: The total number of shares of said corporation entitled to vote on or consent to the adoption of such amendments is 37,500.

IN WITNESS WHEREOF, the undersigned have executed this certificate of amendment this 12th. day of August, 1940.

Provident of DAY WIGHT WATER HEATER CO.
LEO
Secretary of DAY & WIGHT WATER HEATER CO.
LTD.

State of California,) ss. County of Los Angeles.)

W. J. Bailey and W. A. Chamness, being first duly sworn, each for himself deposes and says: That W. J. Bailey is and was at all of the times mentioned in the foregoing certificate of amendment, the President of Day & Night Water Heater Co. Ltd.,

the California corporation hereinmentioned, and W. A. Chamness is and was at all of the said times the Secretary of said corporation; and each has read said certificate and that the statements therein stated are true of his own knowledge; and that the signatures purporting to be signatures of said President and Secretary thereto are the genuine signatures of said President and Secretary respectively.

M.J. Bailey

Subscribed and sworn to before me this 12th, day of August, 1940.

Notary Public in and for the county of Les Angeles, State of California.

DUNN & STURGEON ATTORNEYS AT LAW 101-1-1-1 HERLA SPILSHIS

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ARTICIES	OF	INCORPORATION
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Secretary

Corporation Number

of the State of California

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DAY AND NIGHT FLARE CORP.

OF

DÉC 31 1943 The name of this corporation is: OME: FRANKON, BORDAN, Socretary of State

DAY AND NIGHT FLARE CORP.

TWO: The purposes for which this corporation is

formed are:

To manufacture, fabricate, produce, assemble, buy and otherwise acquire, use, sell and otherwise dispose of or turn to account, and generally to trade and deal in flares, rockets and other pyrotechnic apparatus, devices and equipment of every kind and nature, ammunition and explosives of all kinds, and any and all parts, apparatus, equipment, supplies, materials, chemicals, implements, devices and things incidental thereto or useful in connection therewith.

- (b) To own, operate, maintain, manage, equip, improve, repair, alter and otherwise deal with, use and enjoy, to invent, design, develop, assemble, build, construct, fabricate, manufacture, buy, import, lease as lessee and otherwise acquire, to mortgage, deed in trust, pledge and otherwise encumber, and to sell, export, lease as lessor and otherwise dispose of goods, wares, merchandise and personal property of every sort, nature and description.
- (c) To purchase, acquire, own, hold, lease either as lessor or lessee, sell, exchange, subdivide, mortgage, deed in trust, plant, improve, cultivate, develop, construct, maintain, equip, operate and generally deal in any and all lands, improved and unimproved, business blocks, office buildings, garages, stations, warehouses, manufacturing works and plants, and other buildings of any and every kind, and the products and avails thereof, and any and all other property of any and every kind or description, real, personal and mixed, wheresoever situated, including water and water rights.
- To acquire, by purchase or otherwise, the goodwill, (a) business, property rights, franchises and assets

of every kind, with or without undertaking either wholly or in part the liabilities of any person, firm, association or corporation: and to acquire any business as a going concern or otherwise (1) by purchase of the assets thereof wholly or in part, (2) by acquisition of the shares or any part thereof or (3) in any other manner, and to pay for the same in cash or in the shares or bonds or other evidences of indebtedness of this corporation, or otherwise; to hold, maintain and operate, or in any manner dispose of, the whole or any part of the goodwill, business, rights and property so acquired, and to conduct in any lawful manner the whole or any part of any business so acquired; and to exercise all the powers necessary or convenient in and about the management of such business.

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- (e) To buy, contract for, lease and in any and all other ways acquire, take, hold and own, and to sell, mortgage, pledge, deed in trust, lease and otherwise dispose of patents, licenses and processes or rights thereunder and franchise rights, and governmental, state, territorial, county and municipal grants and concessions of every character which this corporation may deem advantageous in the prosecution of its business, or in the maintenance, operation, development or extension of its properties.
- (f) To enter into, make, perform and carry out contracts of every kind for any lawful purpose without limit as to amount, with any person, firm, association or corporation, municipality, county, parish, state, territory, government or other municipal or governmental subdivision, agency or department.
- (g) From time to time to apply for, purchase, acquire by assignment, transfer or otherwise, exercise, carry out and enjoy any benefit, right, privilege, prerogative or power conferred by, acquired under or granted by any statute, ordinance, order, license, power, authority, franchise, commission, right or privilege which any government or authority or governmental agency or corporation or other public body may be empowered to enact, make or grant; to pay for, aid in, and contribute toward carrying the same into effect and to appropriate any of this corporation's shares, bonds and/or assets to defray the costs,

1 charges and expenses thereof.

- (h) To promote or to aid in any manner, financially or otherwise, any person, corporation or association of which any shares, bonds, notes, debentures or other securities or evidences of indebtedness are held directly or indirectly by this corporation; and for this purpose to guarantee the contracts, dividends, shares, bonds, debentures, notes and other obligations of such other persons, corporations or associations; and to do any other acts or things designed to protect, preserve, improve or enhance the value of such shares, bonds, notes, debentures or other securities or evidences of indebtedness.
 - (1) To borrow and lend money, but nothing herein contained shall be construed as authorizing the business of banking or as including the business purposes of a commercial bank, savings bank or trust company.
 - (j) To issue bonds, notes, debentures or other obligations of this corporation from time to time for any of the objects or purposes of this corporation, and to secure the same by mortgage, pledge, deed of trust or otherwise, or to issue the same unsecured.
 - (k) To purchase, acquire, own, hold, guarantee, sell, assign, transfer, mortgage, pledge or otherwise dispose of and deal in, shares, bonds, notes, debentures, or other securities or evidences of indebtedness of any other person, corporation or association, whether domestic or foreign, and whether now or hereafter organized or existing; and while the holder thereof to exercise all the rights, powers and privileges of ownership, including the right to vote thereon, to the same extent as a natural person might or could do.
 - (1) To carry on any business whatsoever which this corporation may deem proper or convenient in connection with any of the foregoing purposes or otherwise, or which may be calculated directly or indirectly to promote the interests of this corporation or to enhance the value of its property or business; to conduct its business in this state, in other states, in the District of Columbia, in the territories and colonies of the United States, and in foreign countries; and to hold, purchase, mortgage and convey real and personal property,

1 either in or out of the State of California. and to have and to exercise all the powers 2 conferred by the laws of California upon corporations formed under the laws pursuant 3 to and under which this corporation is formed. as such laws are now in effect or may at any time hereafter be amended. 5 The foregoing statement of purposes shall be con-6 strued as a statement of both purposes and powers, and the 7 purposes and powers stated in each clause shall, except where 8 otherwise expressed, be in nowise limited or restricted by 9 reference to or inference from the terms or provisions of 10 any other clause, but shall be regarded as independent pur-11 poses. 12 13 The County in the State of California where 14 the principal office for the transaction of the business of 15 this corporation is to be located is Los Angeles County. 16 FOUR: This corporation is authorized to issue 17 only one class of shares of stock; the total number of shares 18 which this corporation shall have authority to issue shall be 19 twenty thousand (20,000); the aggregate par value of all of 20 21 said shares shall be two hundred thousand dollars (\$200,000): and the par value of each of said shares shall be ten dollars 22 23 (\$10). 24 25 The number of directors of this corporation FIVE: shall be nine (9), and the mames and addresses of the persons 26

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who are appointed to act as the first directors are:

1	Name	Address
2	W. J. Bailey	319 North Primrose, Monrovia, Calif.
3	W. J. Bailey, Jr.	159 McKinley Place, Monrovia, Calif.
4	W. G. Cartter	168 Highland Place, Monrovia, Calif.
5	F. E. Wood	338 Highland Place, Monrovia, Calif.
6	D. L. Colvin	264 Arbolada Drive, Arcadia, Calif.
7	W. E. Ferris	422 West Roses Road, San Gabriel, Cal.
8	Fred Couzens	California Hotel. 5th and E Streets, San Bernardino, California.
10	J. F. Paulson	2727 Doresta Road, San Marino, Calif.
11	W. J. Lambert	170 North Alta Vista, Monrovia, Calif.
12	IN WITNESS	WHEREOF, for the purpose of forming this
13	corporation under the	laws of the State of California, we, the
14	undersigned, constitu	ting the incorporators of this corpora-
15	tion and the persons	herein named as the first directors of
16	this corporation, hav	e executed these Articles of Incorpora-
17	tion this 30th day o	f December, 1943.
18		In Bil
19		W. J. Bailey
20		Tr. J. Biley J.
21		J. J. Belley, Jr.
22		W. G. Caster
23	And I Caram	T. E. Wood
24	Fred Couzens	F. E. Wood
25	J. F. Paulson	D. L. Colvin
26	- Junter	ain Finis

1	STATE OF CALIFORNIA) (SS
2	COUNTY OF LOS ANGELES)
· 3	On this 30th day of December, 1943, before me
-4	County and State, personally appeared W. J. BAILEY, W. J.
5	BAILEY, JR., W. G. CARTTER, F. E. WOOD, D. L. COLVIN, W. E. FERRIS, J. F. PAULSON and W. J. LAMBERT, known to me to be the persons whose names are subscribed to the within in-
6	strument and acknowledged to me that they executed the same.
7	WITNESS my hand and Official Seal.
8	
9	Notary Public in and/for said
10	County and State.
11	
12	
13	STATE OF CALIFORNIA) (SS.
14	COUNTY OF LOS ANGELES)
15	on this 30th day of <u>llecember</u> , 1943, before me, <u>Muchy E. Slopuaker</u> , a Notary Public
16	in and for said County and State, personally appeared FRED COUZENS, known to me to be the person whose name is sub-
17	scribed to the Within instrument and acknowledged to me that he executed the same.
18	WITNESS my hand and Official Seal.
19	
20	Pulse E. Slora calora
21	Notary Public in and for said County and State.
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Parent company manufactures, of Dresser Manufacturing Division, a ... injets line of pipe couplings, fittings and repair clamps and sleeves for construction and maintenance of pipeline systems of gas utilities, oil companies, waterworks and other plants. Also these and other products for mines, quarries, railroads, machinery builders, shipbuilding and industrial use.

Preperties: As of Dec. 31, 1945, principal plants of company and its subsidiaries were as follows:

Dresser Plant—Situated on 13.5 agrees of land

follows:
Dresser Plant—Situated on 13.5 acres of land, owned in fee by company, at Bradford, Pa.; floor space, 200,000 sq. ft.
Bryant Plants—Situated on 10 acre tract of land at Cleveland, O.; floor space, 165,000 sq. ft. New plant at Tyler, Tex. was to be in operation May 1, 1846.

Ciark Plant—Situated on 15 acres of land owned in fee at Olean, N. Y.; floor space, 217,000 sq. ft.

Clark Plant—Situated on 15 acres of land owned in fee at Olean, N. Y.; floor space, 217, 000 sq. ft.

Pacific Plant—Situated on 5.5 acre tract of land owned in fee at Huntington Park, Cal.; floor space 80,000 sq. ft. Mid-Continent division plant is located at Tulsa, Okla.

Bovaird & Seyfang Plant—Situated on 4.9 (3.5 acres owned in fee and 1.4 acres leased) acre tract of land at Bradford, Pa.; floor space, 140,000 sq. ft.

International Derrick Plants—Located at Columbus and Marietta, O.; Beaumont, Tex.; and Torrance, Cai. Total floor space 522,000 sq. ft. on 32½ acres of owned and leased land. Roots-Connersville Plant—Situated on 13.5 acre tract of land owned in fee at Connersville, Ind.; floor space, 187,000 sq. ft.

Stacey Bros. Plant—Situated on 8.1 acres of land (5.5 acres owned in fee and 2.6 acres leased by Stacey Bros. Gas Construction Corp., Ohio, a member operating company) at Cincinnati, Ohio; floor space 80,000 sq. ft.

Van der Horst Plants—Three plants at Olean, N. Y. and Cleveland, O.; floor space, 124,800 sq. ft.

Kobe Plant—Situated on 6.4 acre tract of land owned in fee at Myntington Park Cal.

ag. ft.

Kobe Plant—Situated on 6.4 acre tract of land, owned in fee. at Huntington Park. Cal.; floor space, 81.000 sg. ft. and Sevall plant located in Oklahoma City. Okla., occupies about

20.000 sq. ft of leased space.
Payne Plants—Principal plant at Beverly
Hills Cal.: contains 110.000 sq. ft. of factory
space on a 4.6 acre tract, owned in fee. Owns
additional property in Beverly Hills, Cal., and
Santa Ana, Cai. Small branch plants at Long
Beach, Pasadena and Santa Ana, all in California.

fornia. Passella Mig. Plant—Located on 9.7 acres owned in fee at Mcnrovia, Cal.; floor space. 117.000 sq. ft. Additional 15,600 sq. ft. used for storage space.

Day & Night Flare Plants—Plant at Azusa. Cal., situated on 40 acre tract of land and owned by Day & Night Flare Corp., subsidiary of Day & Night Mig Co.; plant at San Bernardino, Cal. and equipment used therein owned by U. S. Chemical Warfare Service.

Security Engineering Plant—Located at Whittier, Cal., situated on 3 acre tract with 46.500 sq. ft. of floor space.

Subsidiaries: As of Dec. 31, 1945, company

Subsidiaries: As of Dec. 31, 1945, company held 100% voting control in following subsidiaries:

Bovaird & Seyfang Manufacturing Co. (Pa.): Founded 1891. Manufactures pumping engines, jacks. "Powers", storage tanks and other miscellaneous gas— and oil-field products and supplies: plus a line of allied accessories and equipment.

The Bryant Heater Co. (Ohio): Founded 1908; incorporated in Ohio, June 20, 1933. Manufactures gas-fired boilers, winter air conditioners, furnaces, unit heaters, space heaters, water heaters, conversion burners for residential, commercial and industrial heating. Silica Gel De-humidifiers for control of humidity in industrial precision work and for comfort air-conditioning systems. fort air-conditioning systems.

Clark Bros. Co., Inc. (N. Y.): Founded 1880. Manufactures gas, steam and diesel-driven engines and compressors of large size (200 to 0.000 BHP) supplied principally to oil and natural gas industries. Also marine and stationary diesel engines; and slush pumps used in rotary oilwell drilling as well as small oilwell pumping engines and similar equipment.

well pumping engines and similar equipment.

Bay & Night Manufacturing Co. (Cal.):
Founded 1909: incorporated in 1923 as Dav &
Night Water Heating Co.; present title adopted
in 1940. Manufactures, water heaters, water
coolers custom work, galvanized products and
space heaters.

On Dec. 31. 1943, Day & Night Flare Corp.
was organized, as a wholly-owned subsidiary
of Day & Night Mig. Co., to manufacture
flares and photo flash bombs for U.S. Army.

Dresses Manufacturing Co. 46 (Ontrole

flares and photo flash bombs for U. S. Army.

Dresser Manufacturing Ce., Ltd. (Ontarie, Can.): Organized Sept. 24, 1931 to sell parent company's products in Canada.

International Derrick & Equipment Ce. (Ohio): Founded 1920. Manufactures oilwell pumping units, derricks and drilling units; also prefebricated steel buildings—hangars, garages, etc.: aviation communications and electric power line equipment such as towers, sub-station structures.

Kebe. Inc. (Cal.): Founded in 1923. Manufactures perforated or slotted pipe, prepacked gravel liners, precision gauges, and hydraulic pumps and hydraulic pumping systems.

Pacific Pumps, inc. (Cai.): Founded 1s.
Manufactures centrifugal pumps (large horizontal types) for refinentes and oil lines including hot-oil charging pumps; high pressure boiler-feed pumps for electric-generating plants; general service pumps for petroleum and other industries: deep-well plunger pumps for oil wells; deep-well turbine pumps (water) for municipalities, industrial use, and irrigation projects.

Owns entire outstanding capital stock of Pacific Pumps, Inc.-Mid-Continent Division.
Payne Furnace Co. (Cal.): Founded 1915; incorporated in California in Jan., 1945. Engaged in manufacture and sale of gas heating equipment for residential, commercial and industrial uses.

Roots-Connersville Blower Corp. (Cai.): Founded 1854. Manufactures blowers, exhausters, boosters and compressors for movement of air and gases in steel, gas, chamical and other industries; also air and liquid pumps, meters.

Security Engineering Co., Inc. (Cal.): Incorporated Inc. 25 1027 Monufactures is and liquid

Security Engineering Co., Inc. (Cal.): Incorporated Jan. 25, 1937. Manufactures oil and well reamers, liners, driling bits and fittings. Aiso a patented drillable alloy "Securaloy".

Also a patented drillable alloy "Securaloy".

Stacey Bros. Gas Construction Co. (Ohio):
Founded 1915. Produces dry and wet seal gas holders for municipalities and utilities, fabricated vesseis of all types for food, chemical and general industrial use; also Stacy-Dresser Engineering division designs and builds propane air and butane air plants, liquifaction and liquefied gas storage plants.

Affiliate: Van der Horst Corp. of America (Dei.), 50%-owned affiliate, is engaged in application of porous-chrome cylinder lining directly to cylinder walls, piston rings, gun barrels and crank shafts by "Porous-Krome" rectly to cylinder walls, p barrels and crank shafts by process.

Officers: H. N. Mallon, Pres.; J. B. O'Connor, Exec. Vice-Pres.; A. R. Weis, L. C. Harvey, C. P. Ciark, Vice-Pres.; R. E. Reimer, Sec. and Treas.; A. F. Witthinrich, Asst. Sec. and Asst. Treas.; J. F. Simpson, L. P. Shipley, Asst. Sec.

Asst. Sec.

Birectors: W. V. Griffin, G. L. Ohrstrom, P. S. Bush, New York, N. Y.: W. A. McAfee, L. C. Harvey, H. N. Mallon, J. B. O'Connor, Cleveland, O.: C. P. Clark, Olean, N. Y.; A. R. Weis, Huntington Park, Calif.; Norman Chandler, Los Angeles, Calif.; O. M. Havekotte, Columbus, O. Annuel Meeting: Third Monday in March, Number of Stockholders: Dec. 31, 1945; Preferred, 543; common, 4,376.

ferred. 543; common. 4.370.

Number of Employees: Dec. 31, 1945; 6.547.

General Office: 1130 Terminal Tower, Cleveland 13. Ohio.

Unfilled Orders: Dec. 31, 1945, \$25,500,000;
Oct. 31, 1944, \$25,000,000.

Consolidated Income	Account,	
	E 1945	1944
Net sales	880,544,911	\$54,995,408
Cost of sales	63.689.275	41.908.286
Selling, etc., exp	8,102.727	3,948,445
TOperating profit	8,752.909	9,138,677
Other income	173,877	64.293
Total income	8,92E,786	9,202,970
Interest	366,200	385.572
Other deductions	19.384	8.437
Fed. income tax	729.000	560,000
Excess profits tax	5,645,000	5,777,000
Can. & st. inc. tax	41.250	\$3,000
Tinc, tax adj., net	cr 143.676	cr 37.398
Renegot. prov	300.000	E 800.000
Subsid. pfd. div	48.000	2000,000
Net income	1.921.628	1.655.359
Com. dividends	1.407.053	670,000
Surplus for year.	514.575	956.359
Prev. earn. surpl	6.485.339	8,478,573
Accel amort, net	73.541	0,710,010
Pid. stk. expense	40.919	******
Cradit	21.250	20,497
Credit	E 230,558	20,441
Pr. yr. reneg., net		6,485,329
Earn. surpl., 10-31	6.676.146	6,652 713
Earn., pfd. share.	\$32.03	£\$4.73
Earn., com. share	1.80	£384.73
No. of pfd. shares	60.000	350,000
No. of com. shs	1.060.059	350,000
After depreciation	and amor	dization: 1945,

matter depreciation and amortization: 1945, \$1.575.017: 1944. \$223.389.

Eincludes \$30,000 additional provision for prior year.

Dincludes operations of International Derrick & Equipment Co., Roots-Connersville Blower Corp. and Stacev Bros. Gas Construction Co. since Nov. 1, 1944: Pavne Furnace Co. and Kobe, Inc., since Feb. 1, 1945: and Day & Night Manufacturing Co. since April 2, 1945. Does not include operations of Security Engineering Co., Inc., acquired Nov. 1, 1945, or Van Der Horst Corp., an affiliate, 50% owned. [S. Revised figures after renegotiation were: Net profit, \$1.575.075; earned common share.

\$4.50.

Inefundable portion of prior years Federal income taxes resulting from loss carry-back; included in net income below.

In Applicable to 1944, \$36.317; 1943, \$194.241.

Note: Company has made provision for renegotiation of contracts for 1945 fiscal year.

Consolida	ted Sales an	d Earnings:	
	Net	Net	Earn.
TYear	Sales	Income	on Com.
1943	\$62,499,030	\$1.851.143	\$5.53
T1942	28.796.687	131.728.517	DE5.16
1941	11.777.300	1.010.615	3.01
1940	11.833.753	1.196.683	3.57

TYear	Net Sales	Net Income	Earn
1838	6.912.362	765.612	on Com
19.48	5.802.771		2.55
11938-40,	years ended	Dec. 31;	1941
Oct 31		**** **** 7.65	ILE COC
Dincludes	operations o	Bovaird a	
Manutacturi	ne Co. since	1mm 1 :049	412

lanulacturing Co. since Jan. 1. 1942.

[LAfter renegotiation, revised net profit was
1,502,702 equal to \$4.78 per snare.

Conscilidated Balance Sneet, as of Oct. 3t.

Assets:

1945.

	1943	1944
Cash	\$8.474.254	\$5.805.774
U. S. tax notes	1.170.361	
Receivables, net	6.585.019	4 0004.180
Post-war tax ref.	540.910	4.882.147
War contr. claim.	4.916.733	
Linventories	12.744.668	8E1.125
Triveriories	12.144.000	8.633,833
Total current.	\$34,431,945	
Plant & equip	15.238.348	\$23.544.006
	7.927.017	(.E.S.85e
Depreciation	7.821.017	4.602 164
Net property	7.311.331	3.212 491
Emerg, plt. facil.	2.440.762	- 682 225
Amortization	2.440.762	762.923
Net emerg. facil.		919,301
Patents	1	
Affil. etc. cos. inv.	108.525	105.000
Post-war tax reid.		203,000
Tax claim	575.046	502,484
Misc. receiv., etc.	235.85\$	******
Deferred charges.	304.125	119 606
Deterred cuarker.	304.20	242,230
Total	640 Oct 533	222
	842.9 66.831	\$22.639,274
_Liabilities:		
V loan payable	\$6.528.190	\$9.500,000
FAccts payable	4.751.628	4.016.672
War contr. liab	€54.6₽4	466.393
Accruals	1.760.531	994.922
Dincome taxes	3.514.535	2.120.024
		
Total current.	\$17,209,558	\$17.098.079
Subs. pfd. stock.	B12.000	076,018
Long term debt	212.000	300,000
3%% pfd. (\$100).	6.000 000	320,000
	530.030	350.00
FCommon stock _	_ 530.030 .	250.000

Capital surplus... Earned surplus... E11.739.097 6.676.146 4.405.854

19Ö.

Serie! Notes Retired: Entire issue of notes payable, due serially to 1946 was retired Oct-22. 1945.

Capital Stock: 1. Dresser Industries. Inc. 4% cumulative convertible preferred; par \$100 AUTHORIZED-All series, 120,000 shares; this

AUTHORIZED—All series, 120.000 shares; this series, 60.000 shares; outstanding, this series, 60.000 shares; outstanding, this series, 60.000 shares; outstanding, this series, 60.000 shares; par \$100.
PREFERENCES—Has preference for assets and dividends.
DIVIDEND RIGHTS—Entitled to cumulative dividends at rate of \$3.75 per share annually payable quarterly Mar. 15, etc., cumulative from Sept. 15. 1945.
DIVIDEND RESTRICTION—Company may not pay any dividends (except in junior shares) or make any distribution on, or equire for value or provide for redemption of junior shares subsequent to Oct. 31, 1944, exceeds the sum of (a) consolidated net income from and after such date. (b) \$1.000.000 and (c) net proceeds from sale after such date of junior shares; or (2) as of Apr. 30 or Oct. 31 next preceding, and after swing effect to all such disbursements after such date, the sum of the par or stated value of all junior stock plus consolidated surplus is less than 150% of the sum of consolidated funded debt and involuntary liquidation value of all preferred and stock having priority of parity therewith.
DIVIDEND RECORD—Initial dividend of 53% cents paid Dec. 15, 1945 and quarterly therewith.

after.
VOTING RIGHTS—Has one vote per share.
While an amount equal to dividends for one
year is in default preferred, voting separately

Balance Sheet: Assets: Cash Accts. receivable. Mdse. inventory	Dec. 29.'45 \$244.777 75.660 809.085	Dec. 31,'44 \$216,969 59,085 626,910
Total current plant & equip Depreciation Net property stocks owned Goodwill, etc Prepayments	\$1,129.522 2,752.589 714.121 2.038.468 1 29.873	\$902,964 2,793,192 722,197 2,070,994 1,212 1 30,450
Total Liabilities: Notes payable Accounts payable Accounts etc. Income tax Mtge. instal. due.	\$3,236,674 \$100,000 279,682 20,358 \$\overline{2}\$\$50,000	\$3,005,620 \$100,000 161,288 27,887 [2] 50,000
Total current Conting reserve Mortgages pay 67. pfd. stk. (\$25) if Common stock . Surplus	\$450.040 100.000 808.333 761.183 166.212 950.906	\$339,153 100,000 858,323 768,725 166,214 773,193
Total	\$3.236.674 \$679.483 ares. J. S. tax notes	\$3.005.620 \$563,809 8: 1945, \$180,-

000: 1944, \$150,000. Tincludes cash value of life insurance.

Tincludes cash value of life insurance.
Capital Stock: 1. Donahoe's, inc. 6% cumulative preferred; per \$25:
AUTHORIZED—31.220 shares: outstanding.
30.47 shares: par \$25.
PREFERENCE—Has preference as to assets and cumulative dividends of 6% per annum.
LIQUIDATION RIGHTS—In liquidation, annulated to par and dividends.
CALLABLE—Callable as a whole or in part at any time on 30 days' notice at par.
VOTING RIGHTS—Has one vote per share.
PREEMPTIVE RIGHTS—None provided.
DIVIDENDS—Initial dividend of 37% cents, and cuarterly thereafter.
PURFOSE—issued pursuant to plan of reorganization, as amended, dated Apr. 1. 1939.
Holders of former 6% preferred received 1 share of preferred and 1 share of common for each share held and holders of former class A received 1/10 share of preferred and 1/10 share of common for each share held and holders of former class A received 1/10 shares of preferred and 1/10 share of common for each share held.
2. Ponaboe's, inc. common: no par:
AUTHORIZED—200.000 shares; outstanding.
166.20 shares: no par.
PURPOSE—Issued pursuant to plan of reorganization, as amended, to holders of former common on basis of 7½ shares for each old share held.
DIVIDENDS—None paid.
Transfer and Dividend Disbursing Agent:
First National Bank, Pittsburgh.

DIVIDENDS—None paid.
Transfer and Dividend Disbursing Agent:
First National Bank, Pittsburgh.
Registrar: Peoples-Pittsburgh Trust Co.. Pittsburgh.

DOUGLAS (W. L.) SHOE CO.

History: Incorporated Dec. 17, 1914, in Massachusetts to succeed a Maine corporation incorporated Sept. 12, 1902, which was successor to a Massachusetts corporation formed to acquire the business originally established in 1876 by W. L. Douglas.

Business: Manufactures and sells (wholesale and retail) shoes for men and children. Manufacture of womens' shoes was discontinued in July, 1939.

At Dec. 31, 1945, company operated about 68 shoe stores in various cities of the country. In addition company deals with about 6,000 retailers throuchout the United States.

Property: Owns factories at Brockton. Mass., with floor space of about 350,000 so. ft. and annual production capacity of about 1,506,000 pair: of shoes

Officers: J. W. Bartlett, Pres.: Charles Ault. Vice-Pres. and Gen. Mgr.; L. B. Russell, Treas.; R. W. Laird. Clerk.

Directors: J. W. Bartlett, L. B. Russell P. C. Wolfer Charles Ault. J. F. Spence, A. F. Doyle. Cyrus Montoe, C. W. Bartlett.

Annual Meeting: Third Thursday in Feb. Number of Stockholders: Dec. 31, 1944; Prior preferred, 1,768; 7% preferred, 85; common. 1.575.

Number of Employees: About 850 (exclusive

Number of Employees: About 850 (exclusive of store personnel). General Office: 173 Spark St., Brockton 15,

Income Account, years ended Dec. 31:

Net sales	\$8,499,294	\$7.377.47
ATOTS DIGHT TATEL	2,211,436	1.836.14
Selling, etc., exp	1.828.428	1.681.85
Operating profit	383.008	154.29
Other income, net	88.436	103.49
Total income	471.445	257.78
J.Fed. inc. taxes.	199,255	100.82
Net profit	272.191	156.96
Pr. pfd. divs	163.119	108.56
Surblus for year.	109.072	48.29
Earn surp. 1-1	206.261	157.96
warn, surb., 12-31	315,333	236.26
tarm., pr pfd. sh	92.51	\$1.4
#OTEL Did share	195.88	56.03
Errn com sh.		0.33

ŀ	No. of pid. shares	835	862
•	No. of com. shares	87.818	87.764
Š.	Disregarding prefe	Pred arrears	
50-127	. The excess profits !	av parable	•
•	. Water to Company	in pullable.	
•	Notes: (a) Company tion of war contracts	TR SUDJECT TO	LEUAROUS-
	non of Mar counteers	cor mes, but i	Seneves no
2	reserve necessary.		
7	(b) Net profit (after	r taxes) for	6 mos. to
•	Dec. 31, 1945 amounted	to \$141.451	1944. \$110
;	574).		
Ž	Sales and Earnings:		
•		Net	TEarn.
	Net		
Ō	Year Sales	Profit	on Com.
0	1943 Not stated	\$305,669	\$2.22
	1942 Not stated	458,287	4.27
0	1941 Not stated		2.79
0	1940 Not stated		
ř	1939 \$5,157,62		*****
	1903 33,131,024	9 914.000	
5	1938 5.504.60		
J	 Disregarding prefe 	Lied Tilent	•
503543	Balance Sheet, as of	Dec. 31:	
5	Assets:	1945	1944
0	Cash Receivables, net	\$953.334	\$376.471
3	Receivables net	197 616	330.310
Ě	Inventories	197.616 1,487.282	1.572.483
7		912.216	
•	U. S. Govt. secur.	01نىشل8	611,933
		20.555.510	
5	_ Total current	\$3.550:548~	\$3.091.196
9	Ld., bldgs., etc	1.494.844	Not stated
è	Depreciation	1.181.298	
	Net prop., etc	312.846	341,371
•	Goodwill		1
-		32.158	39.792
	Prepaid expense.	24,135	33.134
			40 400 000
	Total	\$ 3,895,353	\$3.472,360
	Liabilities:		
	Accus, pay., etc	\$ 540.491	\$518,054
٠	Pr. pfd. divs. pay.	54.314	
	Accrd. tax., etc	232,563	335.193
•	71001 U. 1010., Old. 1		
	Total current	\$927.388	\$513,247
•	TDiese Cartent	3921.300	9010.441
	I Prior pid. stock	2,172.540 \$2.500 \$7.518	2.170.920 \$6.200 \$7.764
Ł	ਿੰਦ pfd. stk. (S100)	50.500	\$8.200
-	TCommon stock .	57 818	87.764
	Paid-in surplus	308.994	307.963
	Zarned surplus	315.033	206,261
			-00,501
	Tetal	\$3.895.583	£2 172 760
			53.472.360
•	Net current assets	S2.623.190	\$2,477,949

Assets and dividends
LIQUIDATION RIGHTS—In any liquidation
or dissolution entitled to 105 and dividends
CALLABLE—On any dividend date on 30 days'
notice at 105.
VOTING RIGHTS—None, except on default

notice at 105.
VOTING RIGHTS—None, except on default of four quarterly dividends or default of sinking fund for six months in either case, preferred shall have exclusive voting (formerly exclusive) rights until default is corrected. See Voting Burbts and Purpose of convertible

of preferred required (a) to sell, lease, exchange or consolidate all or majority of property or business; (b) to create any mortgage or lien (excepting purchase money mortgages) to extent of 75% of property acquired, or any/debt maturing later than one year; (c) to create any stock having priority over or on a parity with present preferred; (d) to increase authorized preferred.

SINICING FUND—5% of annual net profits (after taxes, charges and dividends) to purchase or call 7% preference shares at not over 105.

chase or call 7% preference shares at not over 105.

DIVIDENDS—Regular dividends paid quarterly, Jan. 1, etc., to Jan. 2, 1931, incl.; none thereafter to Nov. 10, 1931, when 1%% was paid; none thereafter.

Arrears. Dec. 31, 1945, \$103.25 per share.
PURPOSE—Issued in June, 1925 for non-cumulative voting preferred, share for share.

EXCHANGE OFFER—See Purpose, under convertible prior preferred (No. 1) above.

3. W. L. Deuglas Shoe Co. common: no part AUTHORIZED—300.000 shares (increased from 45.006 shares in Jan. 1923 pursuant to plan of recapitalization see Moody's 1933 Industrial Manual): reserved for conversion of prior convertible stock, 112.500 shares; issued, \$7.81S shares; no par (changed from \$100 par in Oct. 1921, share for share).

VOTING RIGHTS—Has exclusive voting rights subject to rights of preferred stocks (No. 1 and 2, above).

DIVIDEND RESTRICTIONS—Dividends payable only out of consolidated net earnings (as defined since Feb. 1, 1938, unless paid in common stock.

DIVIDENDS PAID—No dividends paid.

defined since rep. 1, 1930, usuess paid mon steek.
DIVIDENCS PAID—No dividends paid.
Transfer Agent and Registrar: Home Nanonal Bank, Brockton, Mass.

DRISSER INDUSTRIES, INC.

Mistory: Incorporated under the laws of Pennsylvania. Dec. 31, 1935, as Dresser Manufacturing Co., as result of a consolidation of S. R. Dresser Mig. Co. (incorporated in 1995 as Successor to a business founded in 1980) and its wholly-owned substidiary. Clark Bros. Co. (N. Y.: incorporated, 1903). Also Clark Bros. Co., Inc., a new wholly-owned substidiary, emerged from the consolidation. Name changed to Dresser Industries, Inc., Oct. 23, 1944.

Earned surplus 1 33.352 205.353 205.35

On Nov. 1, 1945 acquired 100% ownership of Security Engineering Co. by exchange of 35.078 shares of Dresser common (par 50 cents) for the 61.386 shares of Security Engineering

mmon.

Business: Dresser Industries, Inc. is an affiliation of member companies, toined together by a common ownership, with kindred
interests, coordinated products and related FRANK N. JOHDAN, Secretary of State

FRANK N. JOHDAN S. Secretary of State

FRANK N. JOHDAN S. Secretary O. Secretary of State

FRANK N. JOHDAN S. Secretary O. Secretary of State

FRANK N. JOHDAN S. Secretary O. Secretary O.

DAY AND NIGHT FLARE CORPORATION (A California Corporation)



CERTIFICATE OF ELECTION TO WIND UP AND DISSOLVE

We, William J. Bailey, Jr., President, and Robert T. Herr, Secretary, of Day and Night Flare Corporation, a corporation duly organised and existing under the laws of California, do hereby certify that by consent in writing, executed by holder of 10,000 shares out of a total of 10,000 shares outstanding and entitled to vote, representing at least fifty percent (50%) of the voting power of the Corporation, filed with the Secretary of the Corporation, the Corporation has elected to wind up its affairs and voluntarily dissolve.

IN WITNESS WHEREOF we have hereunto set our hands and affixed the seal of the Corporation this 25th day of October, 1946.

(Seal)

2/10

SECRETARY

STATE OF CALIFORNIA COUNTY OF LOS ANGELES

ss.

On this 252 day of October, in the year 1946, before me a Notary Public in and for said County and State, duly commissioned and sworn, personally appeared William J. Bailey, Jr. and Robert T. Herr, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same as President and Secretary respectively of the Corporation named herein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal. the day and year in this Certificate first above written.

NOTARY PUBLIC



RECEIVED DAY AND NIGHT MFG. CO.

STATE OF CALIFORNIA

Franchise Tax Commissioner

November 20 1946

NOV 21 1946 Am. P.M. 7|8|9|19|11|12|1|2|4|4|5|6

		20 2010	
Day and Night Flare Corp Monrovia California			
DAY AND NIGHT FLARE CORP. 193889		Тах	Clearance
	a corporation)	•
	•		
This Is To Certify That abo	ve named corpo	ration has paid it	s franchise taxes in ful
for the period up to and including	October 31	19_	47
_			•

CHAS. J. McColgan
Franchise Tex Commissioner

25523 3-46 4M TRIP 8PO



CERTIFICATE OF FINAL DISSOLUTION OF DAY AND NIGHT FLARE CORP.

The undersigned do hereby certify that they are a majority of the directors of Day and Night Flare Corp., a California corporation; and they further certify and state:

First: That on the 29th day of October 1946, a certificate, signed and acknowledged in accordance with Section 400 of the California Civil Code, stating that said corporation had elected to wind up and dissolve, was filed with the Secretary of State of California, and that a copy of said certificate duly certified by said Secretary of State was thereupon on the 30th day of October 1946 filed in the office of the County Clerk of Los Angeles County, being the county in which the principal office of said corporation is located.

Second: That the directors of said corporation thereupon caused written notice of the commencement of the proceeding for the winding up of said corporation to be given by mail to all its shareholders and all its known creditors and claimants whose addresses appear on the records of the corporation, in accordance with Section 400a of the California Civil Code.

Third: That said corporation has been completely wound up.

Fourth: That all the known debts and liabilities of the said corporation have been actually paid or adequately provided for.

Fifth: That all the known assets of the said corporation have been distributed.

FILED
In the office of the Secretary of State
of the State of California

FEB 2 6 1947

FRANK M. JORDAN, Secretary of State

Deputy

IN WITHESS WHEREOF, the undersigned have executed this certificate,
this 6th day of January 1947.
Maken
& Rem
Lile Receive
In Bailey In
W. Philey In
The Directors of Day and Night Flare Corp.
STATE OF OHIO)
COUNTY OF CUYAHOGA)
On this 6th day of January , in the year 1947, before me a Nota
Public in and for said county and state duly commissioned and sworn, personally
appeared H. N. Mallon , R. E. Reimer , and
Lyle C. Harvey known to me to be the persons whose names are sub-
scribed to the within instrument, and severally acknowledged to me that they
executed the same.
IN WITNESS WHEREOF I have hereunto set my hand and affixed my official
seal, the day and year in this certificate first above written.
Betty ann Welson Wotary Public
STATE OF CALIFORNIA) SETTY ANN WILSON, Notary Public
COUNTY OF LOS ANGELES)
On this 15 day of annay, in the year 1947, before me a Notary
Public in and for said county and state, duly commissioned and sworn, per-
sonally appeared W. J. Railey, Sr., and W. J. Railey, Jr.,
known to me to be the persons whose names are subscribed to the within in-
strument, and severally acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

[t]. **88.** (. LEE

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1945

Balance Sheet: Assets: Cash	Dec. 29,'45 \$244.777 75,660 809,085	Dec. 31.'44 \$216,969 59.085 626,910
Total current plant & equip Depreciation Net property Stocks owned Godwill, etc Prepayments	\$1,129,522 2,752,589 714,121 2,038,468 (1)38,608 1 29,873	\$902,964 2,793,192 722,197 2,070,994 1,212 1 30,450
Total Liabilities: Notes payable Accounts payable Accor. taxes, etc. Income tax Mige instal, due.	\$3,236,674 \$100,000 279,682 20,358 20,000	\$3,005,620 \$100,000 161,288 27,887 (2) 50,000
Total current Conting reserve Mortgages pay 57 pid. stk. (\$25) n Common stock . Surplus	\$450.040 100.000 808.333 761.183 166.212 950,906	\$339.155 100.000 858.233 768.725 166.214 773.193
Total Net curr. assets . T166.220 no par shi ZAfter deducting U		\$3.005.620 \$563,809 :: 1945, \$180,-

(2) Arrer deducing U.S. tax notes: 1945, \$1000: 1944. \$150.000.

[Includes cash value of life insurance.

Gircludes cash value of life insurance.
Espital Stock: 1. Denahoe's, inc. 8% cumulative preierred; per \$25:
AUTHCRIZZD—31,220 shares: outstanding, 30,47 shares: par \$25.
PREFERENCE—has preference as to assets and crimulative dividends of 5% per annum. LIQUIDATION RIGHTS—In liquidation, entitled to par and dividends.
CALLABLE—Callable as a whole or in part at any time on 30 days' notice at per.
VOTING RIGHTS—Has one vote per share.
PREEMITIVE RIGHTS—None provided.
DIVIDENDS—Initial dividend of 3715 cents; paid Dec 16, 1940; Mar. 15, 1941, 3715 cents, and duarterly thereatter.
PURFOSE—issued pursuant to plan of reorganization, as amended, dated Apr. 1, 1929.
Holders of former 6% preferred received 1 share of preferred and 1 share of common for each share held and holders of former class A received 1/10 share of preferred and 1/10 share of common for each share heid.
2. Donahoe's, inc. common; no par:
AUTHORIZED—200.000 shares; outstanding. 166.220 shares; no par.
PURPOSE—issued pursuant to plan of reorganization, as amended, to holders of former common on basis of 715 shares for each old share held.
DIVIDENDS—None paid.
Transfer and Dividend Disbursing Agent:

DIVIDENDS—None paid.
Transfer and Dividend Disbursing Agent:
First National Bank, Pittsburgh.
Registrar: Peoples-Pittsburgh Trust Co.. Pittsburgh.

DOUGLAS (W. L.) SHOE CO.

Mistory: Incorporated Dec. 17, 1914, in Massachusetts to succeed a Maine corporation incorporated Sept. 12, 1902, which was successor to a Massachusetts corporation formed to acquire the business originally established in 1876 by W. L. Douglas.

Business: Manufactures and sells (wholesale and retail) shoes for men and children. Manufacture of womens shoes was discontinued in July. 1939.

At Dec. 31, 1945, company operated about 68 shoe stores in various cities of the country. In addition company deals with about 5,000 retailers throughout the United States.

Prepertyl Owns factories at Brockton. Mass., with floor space of about 350,000 sq. ft. and annual production capacity of about 1,506,000 pairs of shoes

Officers: J. W. Bartlett, Pres.: Charles Ault. Vice-Pres. and Gen. Mgr.; L. B. Russell, Trens.; R. W. Laird, Clerk.

Directors: J. W. Bartlett, L. B. Russell P. C. Wolfer Charles Ault. J. F. Spence, A. F. Doyle, Cyrus Montoe. C. W. Bartlett.

Annual Meeting: Third Thursday in Feb. Number of Stockholders: Dec. 31, 1944; Prior preferred, 1,768; 7% preferred, 85; common. 1.575.

Number of Employees: About 850 (exclusive of store personnel).

General Office: 173 Spark St., Brockton 15,

iucawe	Account,	years end	ed Dec.	31:
		194	5	
Vet sales		\$3,499.3	734	\$7.3

	1945	1944
Net sales	\$8,499,294	\$7,577,473
Cross pront	2,211,436	1.836.144
Selling, etc., exp.,	1,828,428	1.631.854
Operating profit .	383.008	151,200
Other income, net	88,436	103.495
Total income	471.445	257.786
Fed. inc. taxes.	199,255	100.828
Net profit	272,191	156.980
Pr. pid. divs.	163.119	108,663
Surplus for year.	109.072	48,225
Earn, surp., 1-1	206.261	137.965
Earn. surp., 12-31	315,233	206.261
Earn., pr pid sh	\$2.51	\$1.45
Mach off share	193.88	56.05
Therm County	130.30	30, 17.3

	No. of pfd. shares	835	882
١	No. of com. shares	87.818	87.764
,	Disregarding pref	erred arrears.	- •
١	 No excess profits 	tax payable.	
	Notes: (a) Company	is subject to r	enegotia.
	tion of war contracts	for 1946, but be	lieves no
!	reserve necessary		

tion of war contracts	tor 1946, but	peneses bo
reserve necessary		
(b) Net profit (after	er taxes) for	6 mos. to
Dec. 31, 1945 amounted	1 to \$141.451	1944. \$110
574).	,,	,, ,,
Sales and Earnings:		
Net	Net	MEarn.
Year Sales		on Com.
1943 Not stated		\$2.22
1942 Not stated		4.27
1941 Not stated		2.79
1940 Not stated	1 4 201.253	
1939 \$5,157,62		
1938 5.504.603	d 180.564	*****
Disregarding prefe		
Balance Sheet, as of	Dec. 31:	•
Assets:	1945	1944
Cash	\$953,334	\$576,471
Receivables, net	197,616	330,310
Tinventories	1.487.282	1.572.483
U. S. Govi, secur.	912.316	611.933
o. s. dovt. secut.	212,510	011.833
Total aumont	\$3,550:548 -	\$3.091,196
Total current		
Ld., bldgs., etc.	1.494.944	Not stated
Depreciation	1,181,298	*****
Net prop., etc	312.84 <u>6</u>	341,371
Good vill	1	1
Prepaid expense.	32,158	39.792
,		
Total	\$3,895.353	\$3.472,360
Liabilities:		
Accis, pay., etc.	3640,491	\$518,054
Pr. pfd. divs. pay.	34.314	
Accrd. tax., etc	232,383	1095.193
Total current	\$927,238	3613.247
TPrior pid stock	2.172.540	2.170.920
7% pfd. stk. (\$100)	\$7.500	\$E.200
7 Common stock	9.7.200	87.754
Baid.'s anumius	97 918 4ee.808	307.508
Poid-in surplus	308,334	
Earned surplus	315,333	206,261

Total \$3.895.553 \$3.472.360

Net current assets \$2.523.180 \$2.477,949

This lower of cost or market.
The par shares: 1945, 108.627: 1944, 108.546.
The par shares: 1945, 87.518: 1944, 57.764.
4 After deducting \$30.587 U.S. tax notes.
Note: 75 preferred arrears, Dec. 31, 1945, 586.214 (\$103.25 per share).
Accounts certified by Patterson, Teele & Dennis

Capital Stock: 1. W. L. Douglas Shoe Co. convertible prior preferred; no par: AUTHORIZED-112,500 shares; outstanding. 108 627 shares; no par. PREFERENCES—Has preference as to assets

and dividends.

DIVIDEND RIGHTS—Entitled to dividends at rate of 80 cents a share for calendar years 1939 and 1940 and 81 per share thereafter, cumulative to extent earned.

LIQUIDATION RIGHTS—In any liquidation entitled to \$25 per share and accumulated dividends.

LIQUIDATION RIGHTS—In any liquidation entitled to \$25 per share and accumulated dividends
CONVERTIBLE—At any time, share for share, into common stock (No. 3 below). Conversion privilege protected against dilution.
CALLABLE—As a whole or in part at any time on first day of any month on 30 days' notice at \$25 per share plus accumulated unpaid dividends (as provided).
VOTING RIGHTS—Has one vote per share in event 4 semi-annual dividends are in default: or, in any event, whenever holders of 7% preferred (No. 2) shall have right to vote. Such voting power shall be exclusive and both classes of preferred shall vote as one class until default is cured. Certain changes may not be effected without consent of two-thirds of this issue outstanding.
PREEMPTIVE RIGHTS—None.
PURPOSE—Issued in Feb., 1938 to holders of 7% cumulative preferred (No. 2) on basis of 3 shares of common for each old share pursuant to recapitalization plan (see Moody's 1938 industrial Manual).
DIVIDENDS PAID—1938, 20 cents: 1939 to 1942, none: 1945 to 1945, \$1; Jan. 15 and Mar. 1, 1946, \$0 cents.

Arrears Mar. 2, 1916, \$1.00 per share.

2. W. L. Douglas Shoe Co. 7% cumulative preferred: par \$100: AUTHORIZED—55.000 shares; outstanding.

greferred: par \$100:
AUTHORIZED—55.000 shares; outstanding,
§35 shares: par \$100.
PREFERENCES—Has second preference as to
assets and dividends
LIQUIDATION RIGHTS—In any liquidation
or dissolution entitled to 105 and dividends
CALLABLE—On any dividend date on 30 days'
notice at 105.

CALLABLE—On any dividend date on so day notice at 105
VOTING RIGHTS—None, except on default of four quarterly dividends or default of sinking fund for six months in either case, preferred shall have exclusive voting iformerly exclusive) rights until default is corrected

of preferred required (a) to sell, lease, exchange or consolidate all or majority of property or business; (b) to create any mortgage or lien (excepting purchase money mortgages) to extent of 75% of property acquired, or any-debt maturing later than one year; (c) to create any stock having priority over or on a parity with present preferred; (d) to increase authorized preferred.

SINIKING FUND—5% of annual net profits (after taxes, charges and dividends) to purchase or call 7% preference shares at not over 105.

DIVIDENDS—Regular dividends paid quar-

chase or call 7% preference shares at not over 105.

DIVIDENDS—Regular dividends paid quarterly, Jan. 1, etc., to 5an. 2, 1931, incl.; none thereafter to Nov. 10, 1931, when 13% was paid; none thereafter.

Arrears. Dec. 31, 1945, \$103.25 per share.

PURPOSE—Issued in June, 1925 for non-cumulative voting preferred, share for share.

EXCHANGE OFFEE—See Purpose, under convertible prior preferred (No. 1) above.

3. W. L. Douglas Shoe Co. commen; no para AUTHORIZED—380,000 shares (increased from 45,000 shares in Jan., 1923 pursuant to plan of recapitalization see Moody's 1938 Industrial Manual); reserved for conversion of prior convertible stock, 112,500 shares; issued, \$7,813 shares; no par (changed from \$100 par in Oct., 1931, share for share).

VOTING RIGHTS—Has exclusive voting rights subject to right of preferred stocks (No. 4) and 2, above).

DIVIDEND RESTRICTIONS—Dividends payable only out of consolidated net earnings (as defined) since Feb. 1, 1938, unless paid in common stock.

DIVIDENDS PAID—No dividends paid

mon stock.
DIVIDENDS PAID—No dividends baid.
Transfer Agent and Registrar: Home National Bank, Brockton, Mass.

DRESSER INDUSTRIES, INC.

DRESSER INDUSTRIES, INC.
History: Incorporated under the laws of
Pennsylvania. Dec. 31, 1933, as Dresser Manufacturing Co., as result of a consolidation of
S. R. Dresser Mfg. Co. (incorporated in 1905
as successor to a business founded in 1880)
and its wholly-owned subsidiary, Clark Bros.
Co. (N. Y.: incorporated, 1903). Also Clark
Bros. Co., Inc., a new wholly-owned subsidiary,
emerged from the consolidation. Name
changed to Dresser Industries, Inc., Oct. 23,
1944.

CO. (N. Y.: incorporated. 1903). Also Clark Bros. Co., Inc., a new wholly-owned subsidiary, emerged from the consolidation. Name changed to Dresser Industries, Inc., Oct. 23, 1944.

In July, 1933, predecessor Dresser company acquired The Bryant Heater Co. (Ohio).

In Aug., 1940, acquired 50% of outstanding capital stock of Van der Horst Corp. of America (Del.). On Oct. 1, 1940, acquired entire outstanding capital stock of Pacific Pump Works. Cal. (name changed to Pacific Pumps. Inc., Sept. 8, 1944).

On Jan. 1, 1942, acquired all of outstanding capital stock of Bovard & Seyfang Manufacturing Co. (Pa.).

On Nov. 1, 1944, company acquired, by issuance of 103,000 shares (par \$1) of Dresser common, net assets of International Derrick & Equipment Co. of Ohio, Calif. and Texas (three separate companies). Roots - Connersville Blower Corp. and Stacey Bros. Gas Construction Co. Subsequently, Dresser transferred to International Derrick & Equipment Co. (Ohio) all assets and properties of International-Stacey Corp., including issued and outstanding capital stocks of International Derrick & Equipment Co. (Ohio) all assets and properties of International-Stacey Gorp., including issued and outstanding capital stocks of International Derrick & Equipment Co. (Ohio) all assets and properties of International-Stacey Gorp., including issued and outstanding capital stocks of International Derrick & Equipment Co. (Ohio) all assets and properties of Deventional-Stacey Gorp. including issued and outstanding capital stocks of International Derrick & Equipment Co. (Ohio) all assets and properties of Deventional-Stacey Gorp. including issued and outstanding capital stocks of International Derrick & Equipment Co. (Ohio) all assets and properties of Deventional Stacey Bros. Gas Construction Co. Capital stocks of Roots-Connersville Blower Corp. is held by Dresser. International-Stacey Corp. was dissolved.

On Feb. 1, 1945, acquired net assets of Payne Furnace & Supply: Ench 5 ore-ferred deventional deventional deventional deventional deven

irsolved and its assets transferred to Kobe,

Circolved and its acquired 100% ownership of Inc.
On Nov 1, 1945 acquired 100% ownership of Security Engineering Co. by exchange of 35,078 shares of Dresser common (par 53 cents) for the 61,386 shares of Security Engineering

Susiness: Dresser Industries, Inc. is an af-filiation of member companies, joined to-gether by a common ownershin, with kindred interests, coordinated products and related

follows:

Dresser Plant—Situated on 13.5 acres of land, owned in fee by company, at Bradford, Pa.; floor space, 200,000 sq. ft.

Bryant Plants—Situated on 10 acre tract of land at Cleveland, O.; floor space, 105,000 sq. ft. New plant at Tyler, Tex. was to be in operation May 1, 1946.

Clark Plant—Situated on 15 acres of land owned in fee at Olean, N. Y.; floor space, 217, 600 sq. ft.

Clark Plant—Situated on 15 acres of land owned in fee at Olean, N. Y.; floor space, 217, 600 sq. ft.

Pacific Plant—Situated on 5.5 acre tract of land owned in fee at Huntington Park, Cal.; floor space 80,000 sq. ft. Mid-Continent division plant is located at Tulsa. Okla.

Bovaird & Seyfang Plant—Situated on 4.9 (8.5 acres owned in fee and 1.4 acres leased) acre tract of land at Bradford, Pa.; floor space, 160,000 sq. ft.

International Derrick Plants—Located at Columbus and Marietta, O.; Beaumont, Tex.; and Torrance, Cal. Total floor space 502,000 sq. ft. on 32½ acres of owned and leased land.

Roots-Connersville Plant—Situated on 13.5 acre tract of land owned in fee at Connersville, Ind.; floor space. 187,000 sq. ft.

Stacey Bros. Plant—Situated on 8.1 acres of land (5.5 acres owned in fee and 2.6 acres leased by Stacey Bros Gas Construction Corp., Ohio, a member operating company) at Cincinnati, Ohio; floor space 80,000 sq. ft.

Van der Horst Plants—Three plants at Olean, N. Y. and Cleveland, O.; floor space, 124,800 sq. ft.

Kobe Plant—Situated on 6.4 acre tract of land, owned in fee at Huntington Park Cal.

N. Y. and Cleveland, O.; floor space, 124,800 sq. ft.

Kobe Plant—Situated on 6.4 acre tract of land, owned in fee. at Huntington Park, Cal.; floor space, 81,000 sq. ft. and Sevall plant located in Oklahoms City, Okla., occupies about 20,000 sq. ft. of leased space.

Payne Plants—Principal plant at Beverly Hills, Cal.; contains 110,000 sq. ft. of factory space on a 4.6 acre tract, owned in fee. Owns additional property in Beverly Hills, Cal., and Santa Ana, Cai. Small branch plants at Long Beach, Pasadena and Santa Ana, all in California.

Beach, Pasadena and Santa Ana, all in California.

Day & Night Mfg. Plant—Located on 8.7 acres owned in fee at Monrovia, Cal.; floor space. 117.000 sq. ft. Additional 15,000 sq. ft. used for storage space.

Day & Night Flare Plants—Plant at Azusa, Cal., situated on 40 acre tract of land and owned by Day & Night Mfg. Co.; plant at San Bernardino, Cal. and equipment used therein owned by U. S. Chemical Warfare Service.

Security Engineering Plant—Located at Whittier, Cal., situated on 3 acre tract with 46,500 sq. ft. of floor space.

Subsidiaries: As of Dec. 31, 1945, company

Subsidiaries: As of Dec. 31, 1945, company eld 100% voting control in following subsidiaries:

Bovaird & Seyfang Manufacturing Co. (Pa.): Founded 1891. Manufactures pumping engines, jacks, "Powers", storage tanks and other mis-cellaneous gas- and oil-field products and supplies; plus a line of allied accessories and equipment.

equipment.

The Bryant Mester Ge. (Ohie): Founded 1908; incorporated in Ohio, June 20, 1933. Manufactures gas-fired boilers, winter air conditioners, furnaces, unit heaters, space heaters, water hesters, conversion burners for residential. commercial and industrial heating. Slikes Gel De-humidifiers for control of humidity in industrial precision work and for comfort air-conditioning systems.

Clark Bres. Co., Inc. (M. V.): Founded 1886

Clark Bres. Co., inc. (N. Y.): Founded 1880. Manufactures gas, steam and diesel-driven engines and compressors of large size (200 to 4,000 BHP) supplied principally to oil and natural cas industries. Also marine and stationary diesel engines; and slush pumps used in rotary oliwell drilling as well as small oil-well pumping engines and similar equipment.

Baw & Misch Manufacturing Co. (Cal.):

Bay & Night Manufacturing Co. (Cal.): Founded 1909: incorporated in 1923 as Day & Night Water Heating Co.; present title adopted in 1940. Manufactures, water heaters, water coolers, custom work, galvanized products and space heaters.

space heaters.

On Dec. 31, 1943, Day & Night Flare Corp.
was organized, as a wholly-owned subsidiary
of Day & Night Mig. Co., to manufacture
flares and photo flash bombs for U. S. Army.

Bares and photo flash bombs for U. S. Army.

Dresser Manufacturing Ce., Ltd. (Ontaris, Can.): Organized Sept. 24, 1931 to sell parent company's products in Canada.

International Derrick & Equipment Ce. (Chie): Founded 1920. Manufactures oilwell pumping units derricks and drilling units; also prefsbricated steel buildings—hangars, garages, etc.: aviation communications and electric power line equipment such as towers, sub-station structures.

Kebe, Inc. (Cal.): Founded in 1923. Manufactures perforated or slotted pipe, prepacked gravel liners, precision gauges, and hydraulic pumps and hydraulic pumping systems.

Pacific Pumps, Inc. (Cal.): Pounded Manufactures centrifugal pumps (large bo, sontal types) for refinenes and oil times including hot-oil charging pumps; high pressure boiler-feed pumps for electric-generating plants; general service pumps for petroleum and other industries; deep-well plunger pumps for oil wells; deep-well turbine pumps (water) for municipalities, industrial use, and irrigation properts.

for municipalities, industrial use, and arriga-tion projects.

Owns entire outstanding capital stock of Pacific Pumps, Inc.-Mid-Continent Division.

Payne Furnace Co. (Cal.): Founded 1915; incorporated in California in Jan., 1945. En-gaged in manufacture and sale of gas heating equipment for residential, commercial and industrial uses. industrial uses.

industrial uses.

Roots-Connersville Blower Corp. (Cal.):
Founded 1854. Manufactures blowers, exhausters, boosters and compressors for movement of sir and gases in steel, gas, chemical
and other industries; also air and liquid and other inc pumps, meters.

Security Engineering Co., inc. (Cal.): Incorporated Jan. 25, 1937. Alanufactures oil and well reamers, liners, drilling bits and fittings. Also a patented drillable alloy "Securaloy".

Also a patented drillable alloy "Securaloy".
Stacey Eros. Cas Construction Co. (Ohio):
Founded 1915. Produces dry and wet seal gas
holder; for municipalities and utilities, fabricated vesseis of all types for food, chemical
and general industrial use; also Stacy-Dresser
Engineering division designs and builds propane air and butane air plants, liquifaction
and liquefied gas storage plants.

Astillate: Van der Horrt Corp. of America

Affiliate: Van der Horst Corp. of America (Del.), 50%-owned affiliate, is engaged in application of porous-chrome cylinder lining disective to cylinder walls, pisson rings, gun barrels and crank shafts by "Porous-Krome" DIOCOSS.

Officers: H. N. Mallon, Pres.; J. B. O'Connor, Exec. Vice-Pres.; A. R. Weis, L. C. Harvey, C. P. Clark, Vice-Pres.; R. E. Reimer, Sec. and Treas.; A. F. Witthinrich, Asst. Sec. and Asst. Treas.; J. F. Simpson, L. P. Shipley, Asst. Sec.

Asst. Sec.

Directers: W. V. Griffin, G. L. Ohrstrom, P. S. Bush, New York, N. Y.; W. A. McAfee, L. C. Harvey, H. N. Mallon, J. B. O'Connor, Cleveland, O.; C. P. Clark, Olean, N. Y.; A. R. Weis, Huntington Park, Calif.; Norman Chandler, Los Angeles, Calif.; O. M. Havekotte, Columbus, O. Annual Meeting: Third Monday in March, Number of Stockholeders: Dec. 31, 1945. Preferred. 543; common, 4.370.

Number of Employees: Dec. 31, 1945, 6.547.
General Office: 1130 Terminal Tower, Cleveland 13, Ohio.

Unfilled Orders: Dec. 31, 1945, \$25,500,000; Oct. 31, 1944, \$25,000,000.

Courcildated lucowe	: Account,	years enged
Oct. 31:	3 1945	1944
Net sales	\$B0.544.911	\$54.995.408
Cost of sales	63,689.275	41,908,286
Selling, etc., exp	8.102.727	3.948.445
Doperating profit	8.752.909	9.138.677
Other income	173.877	64.293
Total income	8.92E.786	9.202.970
Interest	366,200	385.572
Other deductions	19.384	8.437
Fed. income tax	729.000	560,000
Excess profits tax	5,645,000	5.777.000
Can. & st. inc. tax	41,250	53.000
Dinc. tax adj., net	CT 143.576	CT 37.398
Renegot. prov	300.000	IX1800,000
Subsid. pfd. div	48.000	2000,000
Not income	1.921.628	ID 1.454.359
Com. dividends	1,407.053	670,000
Surplus for year	514.575	988,359
Prev. earn. surpl	6,485.339	5.478.573
Accel. amort., net	73.541	
Pid. stk. expense	40.919	
Credit	21,250	20,497
Pr. yr. renex., net	EC230.558	
Earn, surpl., 10-31	6.676.146	6.485,319
Earn., pfd. share.	\$32.03	
Earn., com. share	1.80	34.73
No. of pfd. shares	60,000	
No. of com. sha	1,060,059	350.000
The datase of annual address		

(I)After depreciation and amortization: 1945, \$1.375.017: 1944. \$223.389.
[II]Includes \$50,000 additional provision for

Elincludes \$50,000 additional provision for prior year.

[Silncludes operations of International Derrick & Equipment Co., Roots-Connersville Blower Corp. and Siacev Bros. Cas Construction Co. since Nov. 1, 1944; Pavne Furnace Co. and Kobe, Inc., since Feb. 1, 1945; and Day & Night Manufacturing Co. since April 2, 1945. Does not include operations of Security Engineering Co. Inc., acquired Nov. 1, 1845, or Van Der Horst Corp., an affiliate, 50% owned. [FiRevised figures after rangotiation were: Net profit, \$1,575.075; earned common share. \$4.50.

\$4.50.

BRefundable sprtion of prior years Federal income taxes resulting from loss carry-back; included in net income below.

6 Applicable to 1944, \$36.317; 1943, \$194.241. Note: Company has made provision for renegotiation of contracts for 1945 fiscal year.

Consolida	ted Sales and		_
	Net	Net	Earn.
TYear T	Sales	Income	on Com.
17:43	5 62.499.030	\$1.851.143	\$5.53
(T) 1942	28,796,687	(3) 1.728.517	1205.16
1941	11.777.300	1.010.615	3.01
1940	11.833.753	1,195,683	3.57

ì	19:18 5.802.7	53.21	; <u>}</u>
'	19:38 5.802.7 19:38-40, years emonths to Oct. 31: 1	nded Dec. 3	1: 194, 0.18
1		942 and 1943	3'8878
1	Oct. 31.		ended
1	Dincludes operation Manufacturing Co. s.	ons of Bovair	d & Same
•	Manufacturing Co. s	ince Jan. 1, 11	165
	DIAITET PEDEROUAU	On, revised n	Pt Drage
	\$1.602,702 equal to \$4	1.78 per share	
	Conscilidated Balar	ice Sheet, as	of Oct 11.
		4943	16.
	Cash	\$8,474.254	\$8.5G3 74.
	U.S. tax notes	1.170.361	231 184
ŀ	Receivables, net	6.585.019	4.992.14
	Post-war tax ref.	540.910	• • • • • •
	War contr. claim.	4.916.733	881,12
	Elnventories	12,744.668	8.623,01
•	Total current.	884 431 645	
	Total current.	\$34.431.945	\$23.544.00
•	Plant & equip Depreciation	13.238.348 7.927.017	1.815.684
		7.311.331	4.6(IZ 14)
	Net property Emerg. plt. facil.	2.440.762	3.212.40
	Amortivation	2,440,762	4,932,234
	Amortization Net emerg. facil.		762.92
	Patents	1	110.20
	Affil, etc. cos. inv.	108.525	105.00
	Post-war tax reid.		802.48
	Tax claim	575.046	204,68
	Misc. receiv., etc	235.858	113,77
	Deferred charges.	304,125	242.23
		4	
•	Total	\$42.9 66.831	\$22.639.27
	Liabilities:		
	V losh psyable	\$6.528.190	\$9.500,00
•	Accts payable	4.751.628 654.654	4.016.67
٠	War contr. liab	1.760.551	466.38
;	Accruais	3.514.535	994.98
	mucouse sever	2,314.333	2.120.02
	Total current.	\$17,209.558	\$17.098.07
,	Subs. pfd. stock.	812,000	41.036,01
	Long term debt		300.00
	3% % pfd. (\$100).	6.000.000	90,00
	MCommon stock	530.030	250.00
•	Capital surplus	ID11.739.097	4.405.85
	Earned surplus	6.676.148	6.485.33
,	Total	\$42.986.831	\$25.639.27
	Net current assets	\$17.222.387	86.445.92
	MAfter deducting	U. S. tax	Botes : 194

Net Sales

6.912.562

1777

Net

Net current assets \$17.222.387 85.445.927 (MAfter deducting U. S. tax notes: 1945, \$3.322.935; 1944. \$4.511.650.

[EPar value: 1945. \$0.50; 1944. \$1.

[BAt lower of cost or market: after advance contract payments: 1945, \$179.061; 1944. \$188.681.

[Mafter crediting \$7.318.24] excess of net assets over par value of capital stock issued in connection with acquisition of subsidiaries and \$15.000 excess of net proceeds over par value of 60,000 preferred shares sold.

Accounts certified by Ernst & Ernst.

V Leans: Bank credit agreements with certain of company's subsidiaries at Oct. 31, 1945 provide for maximum loans of \$7.800.000 under turing at various dates to Dec. 31, 1947. Agreements (including a T loan for \$500.000 under which no amounts had been borrowed at Oct. 31, 1945 provide under certain conditions for reduction in the loans prior to indicated maturity dates. Agreements also provide for (1) the assignment to banks of all amounts due or becoming due to the subsidiaries under certain contracts and (2) liens against any balances in special bank accounts provided under the agreements. In addition, there are certain restrictions concerning dividends paid by subsidiaries.

Total outstanding as of Oct. 21, 1945, \$8.558.

restrictions concerning dividends peid by sub-sidiaries. Total outstanding as of Oct. 21, 1945, \$4.533.-190.

Serial Notes Retired; Entire issue of notes payable, due serially to 1946 was retired Oct-22, 1945.

Capital Stock: 1. Dresser industries inc. 34/4% cumulative convertible preferred; par \$100: AUTHORIZED—All series, 120,000 shares; this series, \$0,000 shares; outstanding, this series, 50,000 shares; outstanding, this series, 50,000 shares; par \$100. PREFERENCES—Has preference for assets and dividends.

shares: par \$100.

PREFERENCES—Has preference for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends at rate of \$3.75 per share sinually payable quarterly Mar. 15, etc., cumulative from Sept. 15, 1945.

DIVIDEND RESTRICTION—Company may not pay any dividends (except in junior shares) or make any distribution on, or acquire for value or provide for redemption of, junior stock, if (1) thereafter total of all redemptions of junior shares subsequent to Oct. 1, 1944, exceeds the sum of (a) consolidated net income from and after such date. (b) \$1.000.000 and (c) net proceeds from sale after such date of junior shares; or (2) as of Apr. 39 or Oct. 31 next preceding, and after giving effect to all such disbursements after such date, the sum of the par or stated value of all junior stock plus consolidated surplus is all junior stock plus consolidated surplus of all preferred and stock having priority or parity therewith.

DIVIDEND RECORD—Initial dividend of \$3% cents paid Dec. 15, 1945 and quarterly there after. VOTING RIGHTS—Has one vote per share-

after.
VOTING RIGHTS—Has one vote per share.
White an amount equal to dividends for one
year is in default preferred, voting separataly

(Present stock after 4 for 1929-1.50 1930-3.00 1932-33 Nii 1934-0.75 1936-1.25 1937-1.60 1938-1.50 1940-41 1.50 1947-4.20 Eli948-1.00 TPaid prior to stock split. 1 split) 1931... 1935... 1938... 1942-46 1.25 0.50 1.60

DRESSER INDUSTRIES, INCORPORATED

CAPITAL STRUCTURE			Times			
FUNDED DEBT	9-4	Amount	Charges Earned	Interest	Call	Price Range
1. 315% promissory notes, due 1962	Rating	Outstanding	1947 1946	Dates	Price	1947 1932-47
CAPITAL STOCK	Par	Amount	TEarned per Sh.	IDivs. per Sh.	Call	Price Range
Issue 1, 334% cum. conv. preferred	Value	Outstanding 58,800 shs.	1947 1946 \$75.50 \$17.46	1947 1946 \$3.75 \$3.75	Price E10745	1947 1932-47 9814-80 37116 -80
2. Common	80.50	1.095.137 shs.	3.85 0.74	Nil 0.20		23 -14 7 3356-14
©Cutstanding as of Jan. 15, 1948. @P	rivately p	laced. [Fiscal	years. ESubject t	o change, see desc	ripuon below	. IRange since 1945.

HISTOHY
Incorporated under the laws of Pennsylvania. Dec. 31. 1838. as Dresser Manufacturing Co., as result of a consolidation of S. R. Dresser Mfg. Co. (incorporated in 1905 as successor to a business founded in 1880) and its wholly-owned subsidiary. Clark Bros. Co. (N. Y.: incorporated, 1903). Also Clark Bros. Co., Inc., a new wholly-owned subsidiary, emerged from the consolidation. Name changed to Dresser Industries, Inc., Oct. 23, 1944.

Bros. Co., Inc., a new wholly-owned subsidiary, emerged from the consolidation. Name changed to Dresser Industries, Inc., Oct. 23, 1944.

In July, 1933, predecessor Dresser company acquired The Bryant Heater Co. (Ohio).

In Aug., 1940, acquired 50% of outstanding capital stock of Van der Horst Corp. of America (Del.). On Oct. 1, 1940, acquired entire outstanding capital stock of Pacific Pumps. Inc., Sept. 8, 1944).

On Jan. 1, 1942, acquired all of outstanding capital stock of Bovaird & Seyfang Manufacturing Co. (Pa.).

On Nov. 1, 1944, company acquired, by issuance of 103,000 shares (par \$1) of Dresser common, net assets of International-Stacey Corp., and its subsidiaries. International Derrick & Equipment Co. of Ohio, Calif, and Texas (three separate companies). Roots - Connersville Blower Corp. and Stacey Bros. Gas Construction Co. Subsequently, Dresser transferred to International Derrick & Equipment Co. (Ohio) all assets and properties of International-Stacey Corp., including issued and outstanding capital stocks of International Derrick & Equipment Co. of Contial stock of Roots-Connersville Blower Corp. is held by Dresser. International-Stacey Corp. including issued and outstanding capital stocks of Equipment Co. of Contial stock of Roots-Connersville Blower Corp. was dissolved.

On Feb. 1, 1945, acquired net assets of Payne Furnace & Supply Co., Inc. and Kobe through exchange of stocks of respective companies for Dresser common (par 50 cents) cn following basis: Two shares of Dresser in exchange for stock of two companies so follows: Payne Furnace & Supply: Each 5 preferred Shares or 7 common shares: Kobe. Each 2% 6% preferred A shares, or 50 5% preferred shares or 7 common shares for each 3 shares of Day & Night Common shares for each 4.9 shares of Day & Night Manufacturing Co. through exchange of latter's stocks for 34.534 Dresser common shares for each 5.1 shares of Day & Night Shares of Day & Night common shares for each 5.1 shares of Day & Night common shares for each 5.1 shares of Day & Night commo

On Nov. 1, 1945 acquired 100% ownership of Security Engineering Co., Inc. by exchange of 5.5.078 shares of Dresser common (par 50 cents) for the 61.256 shares of Security Engineering

In 1946 disposed of Van Der Horst Corp. of America holdings.

SUBSIDIARIES

As of Dec. 31, 1947, company held 100% voting control in following subsidiaries:

Bovaird & Seyfang Manufacturing Ca. (Pa.): Founded 1891. Manufactures pumping engines, mud pumps. drilling rigs. jacks, "Powers", storage tanks and other miscellaneous gasand oil-field products and supplies; plus a line of allied accessories and equipment.

TRANSE since 2-for-1 split in 1945; range from 1939 to the split in 1945, 62%-5.

HISTORY

The Eryant Heater Co. (Ohio): Founded Incorporated under the laws of Pennsyl. 1905; incorporated in Ohio, June 20, 1933, Manyania. Dec. 31, 1938, as Dresser Manufacture, utactures gas-fired bollers, winter air condi-

1903: incorporated in Ohio June 20, 1933. Manufactures gas-fired boilers, winter air conditioners, furnaces, unit heaters, space heaters, water heaters, conversion burners for residential, commercial and industrial heating. Silica Gel De-humidifiers for control of humidity in industrial precision work and for comfort air-conditioning systems.

Clark Bres. Co., inc. (N. V.): Founded 1880. Manufactures gas, steam and diesel-driven engines and compressors of large size (200 to 4,000 BHP) supplied principally to oil and natural gas industries. Also marine and stationary diesel engines: and slush pumps used in rotary oilwell drilling as well as small oilwell pumping engines and similar equipment. Bay & Night Manufacturing Co. (Cal.): Founded 1909: incorporated in 1923 as Day & Night Water Heating Co.; present title adopted in 1940. Manufactures water heaters, water coolers, and gas-fired residential and commercial heating equipment.

In Oct. 1946 Day & Night Flare Corp. was liquidated into Day & Night Mig. Co. Dresser Manufacturing Co., Ltd. (Ontario. Can.): Organized Sept. 24, 1931 to sell parent company's products in Canada.

International Derrick & Egulpment Co. (Ohie): Founded 1920. Manufactures oilwell pumping units, derricks and drilling units.

Can.): Organized Sept. 24, 1931 to sell parent company's products in Canada. International Derrick & Equipment Co., (Ohio): Founded 1920. Manufactures oilwell pumping units, derricks and drilling units, such as drawworks. rigs. rotary tables, swivels for rotary drilling: also cable tool equipment: also prefabricated steel buildings—hangars, garages, etc. aviation communications and electric power line equipment such as towers, sub-station structures.

Kobo. Inc. (Cal.): Founded in 1923. Manufactures perforated or slotted pipe, prepacked gravel liners, precision gauses, and hydraulic pumps and hydraulic pumping systems.

Pacific Pumps, Inc., (Cal.): Founded 1922. Manufactures centrifugal pumps (large horizontal types) for refineries and oil lines including hot-oil charging pumps; high pressure boiler-feed pumps for electric-generating plants; general service pumps for petroleum and other industries: deep-well plunger pumps for oil wells: deep-well turbine pumps (water) for municipalities, industrial use, and irrigation projects.

for municipalities, industrial use, and irrigation projects.

Owns entire outstanding capital stock of Pacific Pumps, Inc.-Mid-Continental Division, distribution of "Pacific" bumping equipment.

Payne Furnace Co. (Cal.): Founded 1915: incorporated in California in Jan., 1945. Engaged in manufacture and sale of gas heating equipment for residential, commercial and industrial uses.

equipment for residential, commercial and industrial uses.

Roots-Connersville Blower Corp. (Ind.):
Founded 1854. Manufactures blowers, exhausters, boosters and compressors for movement of air and gases in steel, gas, chemical and other industries; also air and liquid

ment of air and gases in seed, and liquid and other industries; also air and liquid pumps, meters.

Security Engineering Co., Inc. (Cal.):
Founded 1931; incorporated Jan. 25, 1937. Manufactures oil and well reamers, liners, drilling bits and fittings. Also a patented drillable alloy "Securaloy".

Broz. Gas Construction Co. (Ohio):

bits and fittings. ALEO a patential analysis of "Securaloy".

Stacey Bros. Gas Construction Cc. (Ohio): Founded 1915. Produces dry and wet seal gas holders for municipalities and utilities fabricated vessels of all types for food, chemical and general industrial use: also Stacey-Dresser Engineering division designs and builds propane air and butane air plants; liquefaction and liquefied gas storage plants, and plants for large volume production of oxygen.

AFFILIATE

Wedrocarbon Research. Inc. (33 1/3%-owned)

Hydrocarbon Research, Inc. (33 1/3%-owned) engages in experimental and development work on the engineering and commercial application of the "Hydrocol" process for making gasoline from natural gas.

BUSINESS & PRODUCTS

Dresser Industries, Inc. is an affiliation of member companies, joined together by a common ownership, with kindred interests, coordinated products and related markets, operating chiefly in the oil, gas and water and chemical industries.

The business is divided into two major lines—the Oil and Gas Equipment Division, which produces equipment used in crilling, transporting and refinling crude oil and natural gas. The Gas Appliance Division manufactures principally equipment for gas-fired residential, commercial and industrial heating and air conditioning. conditionic

PRINCIPAL PLANTS & PROPERTIES

As of Dec. 21. 1947, principal plants of company and its subsidiaries were as follows:
Dresser Plant—Situated on 12.5 acres of land, owned in fee by company, at Bradford, Pa.; floor space, 200.006 sq. ft.
Bryart Plants—Situated on 10 acre tract of land at Cleveland, O.; floor space, 105.000 sq. ft. and at Tyler, Texas: floor space, 100.000 sq. ft. Also leases plant in Cleveland with 60,000 sq. ft.

sq. ft. Clark Planteq. rr.
Clark Plant—Situated on 15 acres of land owned in fee at Otean, N. Y.; floor space, 217,-

Clark Plant—Situated on 15 acres of land owned in fee at Olean, N. Y.; floor space, 217.600 sq. ft.
Pacific Plant—Situated on 5.5 acre tract of land owned in fee at Huntington Park, Cal; floor space 80.000 sp. ft. Mid-Continent division plant is located at Talsa, Okla.
Bevaird & Seyfang Plant—Situated on 4.9 (3.5 acres owned in fee and 14 acres leased) acre tract of land at Bradiord, Pa.; floor space, 1.0,000 sq. ft.
International Derrick Plants—Located at Columbus, Delaware, and Mariatta, O.; Beaumont and Dalles, Tex.; and Torrance, Cal. Total floor space, 575.600 sq. ft. on 22½ acres of owned and leased land.
Roots-Connersville Plant—Situated on 13.5 acre tract of land cwhed in fee at Connersville, Ind.; floor space, 187,640 sq. ft.
Stacev Bros. Plant—Situated on 8.1 acres of land (5.5 acres owned in fee and 2.6 acres leased by Stacevy Bros. Gas Construction Corp., Ohio, a member operating company) at Cincinnati, Ohio; floor space 80.00 sq. ft.
Kobe Plant—Situated on 6.4 acre tract of land, owned in fee, at Huntington Perk, Cal.; floor sq. ft. sq. fee acres tract of land, owned in fee and 2.6 vall plant located in Oklahoma City, Okla., cccupies about 20.000 sq. ft. of leased space.
Phyne Plants—Principal plant at Beverly Hills, Cal.; contains 117.000 sq. ft. of factory space on 8.45 acre tract, owned in fee, Owns additional property in Beverly Hills, Cal., and Santa Ana, Cal. Small branch plants at Long Beach, Pasadena and Santa Ana, all in California Day & Night Mfg. Plant—Located on 8.7

Reach. Passedera and Santa And, and in California.

Day & Night Mfg. Plant—Located on 9.7 acres owned in fee at Monrovia. Cal.; floor space. 117:000 sq. ft. Additional 15:000 sq. ft. used for storage space.

Security Engineering Plant—Located at Whitter. Cal. situated on 3 nore tract with 46:500 sq. ft. of floor space.

MANAGEMENT

6.500 sp. (f. of floor space.

MENRGEMENT

Cificors:

H. M. Mallon, President
J. B. O'Connor, Exec. Vice-President
C. Paul Clark, Vice-President
Lyle C. Harvey, Vice-President
Arthur R. Weis, Vice-President
R. E. Reimer, Vice-Pres. Sec. & Trens.
A. F. Witthinrich, Asst. Sec. & Asst. Treas.
James F. Simpson, Assistant Secretary
L. Parks Shipley, Assistant Secretary
Directors:
Prescott S. Bush, New York
Norman Chandler, Los Angeles
C. Paul Clark, Olean, N. Y
William V. Griffin, New York
Lyle C. Harvey, Cleveland, O.
Cscar M. Havekotte, Columbus, O.
H. N. Mallon, Cleveland, O.
J. B. O'Connor, Cleveland, O.
J. B. O'Connor, Cleveland, O.
Arthur R. Weis, Huntington Park, Cal.
Annual Meeting: Third Monday in March,
Number of Employees: Oct. 31, 1947; Preerred, 427; commen, 5,325.
Number of Employees: Oct. 31, 1947, 8,008.
General Office: 1130 Terminal Tower, Cleveand, 15, Ohio

land 10. Chic Unfilled Orders: As of Jan. 31: 1948, \$57,000,-000; 1947, \$67,000,000; 1946, \$20,000,000.

PARTICIPATING PREFERRED STOCKS All participating stocks in this Manual are listed (on blue paper) with details regarding the extent to which they participate in additional dividends. Users of the Manual will find this tabulation to be a convenient source of reference.

	, w ,	•
	1	:00
1 - 4		
2 4 7	OFFERED 50.000 sharen) at \$38.50	per chare
undry T	MAN, 1928. OF JURN BURNERS M	LO., IBC.
e floor	TRANSPEN AGENT—City Nationa	l Bank &
	TRUST EN AGENA CITY NATIONS TRUST C. Criceleo. IL. REGISTRAN FIRST NATIONS: Bank, DIVIDEND DISBURSING AGENT— LISTED—OI. Midwest Stock Excha PRICE RANGE— 1953 1952 1951 Hilb. 1046 9 554	~
Teas: 5	DIVIDEND DISBURSING AGENT-	Cincago.
LOVAC,	TISTED-On Midwest Stock Excha	nge.
F. B. 🔻	PRICE RANGE - 1955 1952 1951	1930 1945
	Low 634 634 7	516 414
Cou. \$	AFFILIATED GAS EQUIPMI	
<u> </u>	INC.	E
pril.	Mistary: Incorporated under Oela	ware laws
	Aug ists to acquire assets of Brief Co. Day & Night Manufacturin	ant Heat-
32, III.	S mayne furnace Co., Euchiciaries C	Dresser
1. 3. 33	Incustries, the	
8.98	Co., L. 3	_
23.415 73.574 27.732 25.736	Evaness: Company manufacture	s heating
-7.732	ecultured water heaters and air	rant. Day
3.042 -	& Wight and Payne, Also variou	s defense
₩ 206	equinvest: Company manufacture equinvent, water heaters and air ers Sold under brand names of Br & Night and Payne. Also variou products including parts for medi- shells rockets and aircraft.	um tanka
56.000 558	Properties: Owns in fee plants in	Monrovia
y. 363	with siz. Hour space of 763.000 s	o it and
17 728 10 589	leasts hants in Tyler, Tex., Clev	eland and
7.646	Officers: L. C. Harvey, Pres. and C	anada. Gen. Met.:
-7.979 1.670	w J. Bailey Jr., Vice-Pres.; G.	A. Kautz
	Cont. J. A. Mugnes, Vice-Pres. J. I.). Willson
1.929	Sec. R S May, Asst. Treas.	,
and :664	Directors: L. C. Harvey, W. J. E.	allez Jr.
	Properties: Owns in tee plants in Cs. I mapplie and and Clev with titl, floor space of 763.00 s lease man and the with titl, floor space of 763.00 s lease man and the result of the control of the contr	A. Deam
YC. 23	Auditors: Ernst & Ernst.	
arn.	Manning. Newcomer & Raziest, Cie	veland. O
20m	Annual Meeting: Last Wednesday	gin April
.C2	400: common. 6.071.	wieretied
62 2.36 .07	No. of Employees: Dec. 31, 1953, Executive Offices: 1787; St. C. Cleveland 10 Ohio.	2.344.
.07	Cleveland 10 Obio.	lair Ave.
23	incentive Compensation Fund: 10% of mot profits after state and F come taxes, payable as determined	Annually
.55	1 10'; 31 may promis witer state and y come taxes payable as determined	ederal in
.60 .04	1013.	
\$1.02.	Defense Backleg: Jan. 1, 1954, \$11	.400.000.
	Dec. 31: 1952	iars ended
3.150 3.018	Defense Backleg: Jan. 1, 1954, \$11	35 - 970 33
1.812	Depreciation 1980 447	49.014.13
- 558 : 470	General taxes 442.667	110 67
5. 29 6	Net earnings 5.442.589	3.750.88
1 3 9 4	Total income	3.92 23
5. 329 1964	Interest 227 987	470.03
925	Income taxes 2 372 600	13.47.
292	Pr : : : : : : : : : : : : : : : : : : :	cr 223.41
107	Net income 2 201 10.600	1 8
039	Earn Europ. 1-1 4.000.782 Fracevine divs 101.003 Com 20% cash 457.564 Com 51% cisock 193.282 Farn surp Dec. 21 5.01.513	2.372 60
900	Fratering divs. 1 101.003 Com pivs. casn 457.564 Com pivs. (stock) 193.252 Earn surp. Dec. 21 6.201.515 Earn and share 571.52	103.63 487.01
. 699 100	Com 21/3 (slock) 193.282	
	Earn surm Dec. 31 6.201.515	4.600 78
956	Earn surp Dec. 31 6.001.513 Earn pid share 571.52 No of pid. shares 00.030	\$82.5 33.95
361 000	Combined Sales and Earnings, ye	ars ander
960	Acr 27 (11/2);	
929	Not Net No. of Sales Profit Share	
107 026 149	1953 60 201.549 2.595.132 1.245.09	1.34
9		0 1.40 0 1.59 0 1.74
J1	1930 45:215.910 2741.536 1.222.03 1939 0:900.459 1.665.802 1.021.93	Ď 1.74
37-	363 20 27 280 284 284 286 28	0 1.32
al-	945 - 29 171 250 2 246 314 1.000.00	š :::
in	1910 - 17 770 759 607 728 1,000,00	0
i.	1851. 41.00.852 1.807.61 1.225.02 1850. 41.00.852 1.807.61 1.225.02 1850. 41.00.852 1.807.61 1.225.02 1950. 45.01.91 1.655.502 1.021.93 185. 29.71.250 2.246.314 1.000.00 185. 20.71.250 53 1.890.540 1.000.00 185. 1.77.753 6.77.783 1.000.00 185. 1.77.753 6.77.783 1.000.00 185. 1.77.753 6.77.783 1.000.00 185. 1.77.753 6.77.783 1.000.00 185. 1.77.753 6.77.783 1.000.00 185. 1.77.753 6.77.783 1.000.00 185. 1.77.753 1.200.555 784.835 1.77.83 1.77.83 1.200.555 1.200.00 185. 1.77.83 1.200.555 1.200.00 185. 1.77.83 1.200.555 1.200.00 185. 1.77.83 1.200.555 1.200.00 185. 1.77.83 1.200.555 1.200.00 185. 1.77.83 1.200.555 1.200.00 185. 1.77.83 1.200.555 1.200.00 185. 1.77.83 1.200.555 1.200.00 185. 1.77.83 1	• •••
:er	Tyear ended Dec. 31; prior years	to Oct. 31
W	Consolidated Balance Sheet, as (Assets: 1952 Cash 87,817.096	of Dec. 31
(2) (78	Cash iii	\$7 926.02
.a.	Receivables. net \$1.63.903	4.509.10 6.939.99
*	Mater & suppl. 4.460.372 Work in process 4.953.023	3,240,53
ng.		4.225.62
18.	Reimburs, costs	3.240.33 4.225.62 1.323.63 318 27
מפנ	Land Gigs, etc. 11.081.772 Depreciation, etc. 5.203.320 Net Property 7.801.432 Invest in subsid. 133.400	\$28.391.57 9.247 95 2.414.14
	Depreciation etc. 3.269.320	2.114.14
_ :	133.400 Emp.	6.935.81
.00	Invest in subsid. 133.400 Emp. sik purch. 11 800	44.00
50 25	NODE CONTRACTOR OF A SECOND	188.53
25 31	Deferred charges _ 442.001	36.83 425.53
75	Total 307 510 000	
.25	Total 337.740.080	\$06,120,74
ţ.	Notes (3 vable \$3,071,000 accts pay, etc. 4,203,662	\$3 022.00
± 1 €	Notes (3 vable 53.071,000 Accts pay etc. 4203.663 Fed income taxes 2.06.875	\$3 092.00 4 753,40 1.\$35.00

312.110.508

		1464
:00	DY'S INDUSTRIAL MAN	1L \454 1213
		1210
o per anare ≜ Co., Inc.,	Notes payable 7.109.000 \$.238.000 Minority interest 200.000	REGISTRAR-Dankers Trust Co., New York and Central Nauonal Bank of Cleveland.
	40 DAG, BUR, 1807/1 1,123,200 1,133,503	OFFERED-OUGH STORES IN CUMULATIVE NEED
nal Bank &	TCom. stock (\$1). 1 245.093 1.220 570 Paid-in surplus I 3 172.203 9.014 687	serred (par \$50) with non-detacnable common stock warrants, and 1,000,000 common shares
k. Chicago	Earned surplus 6.201.515 4.600.TS2	- par 31) onered at 330 per unit of one re-
Company.	Total 18.257,216 16.508.749 IRescq. stock 55.674 103.411	terred share and warrant to purchase one common share, and at \$9.25 per common share.
hange. 1 1930 1949	TRescq. stock 65.674 103.411 Net stk. & surp. 18.287.542 16.525.008	common share, and at \$9 is per common share opposeds to company \$46.75 and \$5 respectively) on Jan. 12 last by a syndicate headed on Revnoids & Co., New York. LISTED—On New York and Midwest Stock
516 414	Total \$37.740000 \$36.423.741	Differentials & Co., New York.
MENT,	Net current assets \$17.034.491 \$14.244.471	LISTED—On New York and Midwest Stock Exchanges
,	Net tang. com. sh. \$13.26 \$12.15 TAt lower of standard cost or market.	IPRICE RANGE-1950 1950 1951 1950 1949
laware laws	Preferred shares at cost: 1952, 2,048; 1951, 2,272.	High 52 51 50 5574 5114
iryant Heat- ing Co. and of Dresser	Includes subscribed shares: 1913, 1.567;	!. With warrant.
of Dresser	1952, 5.50v. TAfter crediting \$166.467 transferred from	2. Affiliated Gas Equipment, Inc. summen; par \$1:
dware Mig.	earned surplus in connection with stock divi-	AUTHORIZED-2:000.000 shares: outstanding. Jan. 1. 1244 196 shares: reserved for warrants.
res heating	dend and deducting \$550 preferred stock premium and \$8,076 stock purchase adjust-	40.000 shares; reserved for stock purchase
r condition- Bryant, Day	ments.	pian, 46.500 shares; par Sl. DIVIDENDS—
ous defense	Term Leans: Outstanding, Dec. 31, 1953. S7.500.000. Dated Jan. 18, 1949; interest 414.5	1949 50.5216 1950 \$0.55 1951 \$0.60
dium tanks,	Det annum Davable FA-A 1.	40.000 shares: reserved for stock purchase plan, 46.503 shares: par \$1. DIVIDENDS— 1945 50.5215 1950 \$0.55 1951 \$0.60 1 1022-53 0.40
n Monrovia.	Loan, as amended to Apr. 15, 1953, payable \$400,000 each Apr. 1 beginning 1954, plus 10° of net income after taxes for preceding fiscal year payable each Apr. 15, beginning 1951; balance due Apr. 1, 1963. Notes are not se-	I To March 17.
eveland, O., sq. it, and	of net income after taxes for preceding discal-	stock and term loan, above. VOING RIGHTS-Has the vote per share
eveland and Canada	balance due Apr. 1, 1963. Notes are not se-	
Gen Mer.	Company may not pay any cash dividend	right to cumulative voting for directors.
Gen. Mer.: A. Kautz. D. Willson.	on or acquire any capital stock if such dis-	right to cumulative voting for directors. FARELIPTIVE RIGHTS—None TRANSFER AGENT—New York Trust Co., New York and National City Bank of Cleve-
Ryan, Asst.	and proceeds of sale of capital stock after	New York and National City Bank of Cleve- land.
Bailey, Jr.,	Dec. 31, 1950 (except initial financing), and (b) \$1,000,000. Company is to maintain excess	REGISTRAR-Bankers Trust Co. New York
F. H. Beam,	and proceeds of sale of capital stock little Dec. 31. 1950 (except initial financing), and (b) \$1,000,000. Company is to maintain excess of current assets over current liabilities at least greater of \$4,000,000 or \$50% of time detrictions.	and Control National Bank of Cleveland. LISTED—On New York and Midwest Stock
	- 48 GENNEG! At DEC. 31, 1933, 32,840,844 UL	Exchanges. OFFERED—See preferred, above
man Taplin. Seveland, O.	retained income was not so restricted. Subsidiary Lean: On Dec. 31, 1953. Toronto	- 1200.000 -nares at 510.65 to small graup of
ieveland. O. av in April. 1: Preferred.	mardware blig. Co., Lid., a subsidiary, nad	investment trusts and private investors in Feb. 1932 Issued Gozether with 31,100,000
3. 2.844.	outstanding a mortgage note for \$280.000, payable \$20.000 annually to 1968. Capital Stock: 1. Affiliates Gas Equipment.	10an. see above: for expansion and additional working chiral PRICE BLANGE 1980 1982 1981 1980 1949 High 1074 975 1174 1076 1114 Low 178 178 178 546 Stock Purchase Warrants: Each certificate
Clair Ave.,	inc. 53 cumulative preferred; par 550;	PRICE RANGE- 1950 1951 1950 1949
r Annually.	inc. 33 cumulative preferred; par \$50: AUTHORIZED—25.998 snares: outstanding.	High
Annually, Federal in-	22.350 shares; in treasury 2.648 shares; par \$50. PRIFIRENCES—Has preference for assets	Stock Purchase Warranta: Each ceruficate for 30 preferred bears non-cetachable war-
ed by direc-	and dividends. DIVIDEND RIGHTS—Entitled to camuladve	rant entitling noider to purchase, in whole and not in part one common share at \$11.25
11,400.000.	dividends of \$3 per share annually, payable	per share for each preferred share, you after
1932	about Gap. 1, ste	Jan. 15, 1951 or redemption date. Warrants - un-locted against dilution. New York Trust
354 970.333 49.214.251	cents paid Mar. 20, 1849. Regular quarterty	Stock Options: Outstanding, Dec. 21, 1953,
394.575 410.677 3.750.880	and dividends. DIVIDEND RIGETS—Entitled to camuladive dividends of SI per share annually, payable quarterly. Mar. 15, etc. to sweek of rocces amout Tigs. 1, etc. DIVIDEND RECORD—Initial dividend of SI cents paid Mar. 20, 1849. Regular quarterly dividends paid thereafter. DIVIDEND LIMITATION—See term loan.	puronase 47.247 shares at varying prices (\$8.00
J. 4 D U. 5 B U	dire ve.	(O Salat per share .
174 379	DIVIDEND RESTRICTION—Company may not pay cash dividends on or acquire junior	APIX ELECTRICAL MFG. CD. Nistery: Incorporated in Onto June 10, 1912
3.926.232 470.033 73.473	stock in excess of consolidated net income after Feb. 1, 1949 plus 5500,000 and proceeds	Mistery: Incorporated in Onio June 10, 1912 as the Forest City Specialty Co. Present title assumed in 1914.
1.785.000	of Junior stock sold: nor it junior stock plus	meantest itsufficialets a for the or
cr 223.405	consolidated surplus is less than 125% of consolidated funded dept and involuntary	vacuum eleanurs (rank type), domestic clothes washers of wringer and automatic type.
1 315.575	liquidation value of preferred and prior or	washers of wringer and automatic type, coolies inchers dryers disposal units and distriction of the control of
2.372 607 103.637	VOTING RIGHTS—Has no voting power un-	dish woshers marketed chiefly under trade names of "Austi" and "Fauliless" Aero- Cleaner as well as under private brand by
457,012	equal stock. VOTING RIGHTS—Has no voting power unless dividends for one year are in arrears when preferred voting as a class has right to elect one-third of but not less than turn dis-	Monigomer: Ward & Co
4.600 782		Proporties: Operates two plants at Cleve- land and one at Sandusky. O Plants have combined floor space of 654.563 sq. ft.
\$53.55 33.950	rectors. Consent of 66 2/0% of preferred necessary to	combined floor space of 654.563 sq. ft.
years ended	reclassify or change terms of preferred adversely or create any prior stock; or to assume	Subsidiaries: Apax Rotarex Corp. (U. S. dis- tributing division) and Lake State Products.
of Earn.	any preferred or prior or equal stock or	tributing division: and Lake State Products. inc., wholly-owned Officers: C. G. Frantz. Pres.; E. C. Buchanan, Vice-Pres.; Treas.; A. C. Scott, Vice-Pres.; Wm.
res on Com.	unless as of preceding June 30 or Dec. 31 the	Vice-PresTreas.; A. C. Scott, Vice-Pres.; Wm.
370 1.40	create, assume or guarantee any funded debtuniess as of preceding June 30 or Dec. 3; the sum of par or stated value of junior stock and consolidated surplus (as defined) is at least	A. McAfee Sec. Directors: C. G. Frantz, W. A. Frantz, C. A. Koip, H. M. O'Neill, W. A. McAfee, A. C. Scott, E. C. Buchanan, J. G. Mayer, M. J.
920 1.29 920 1.74	120% of consolidated funded debt plus in- voluntary liquidation value of all outstanding	Scott, E. C. Buchanan, J. G. Mayer, M. J.
950 1. 32	preferred and stock of superior or equal rank. Consent of majority of preferred necessary	Stone. General Countriel: McAfee, Grossman, Taplin.
000	to create any equal stock, or increase au-	lianning, Newcomer & Hazlett. Auditors: Ernst & Ernst
000	to create any equal stock, or increase authorized preferred or equal stock. LIQUIDATION RIGHTS—in liquidation an-	Annusi Mesting: Third Monday in April.
rs to Oct. 31.		No. of Employees: Dec. 31, 1953, 746, Mo. of Employees: Dec. 21, 1953, 2,138.
of Dec. 31:	dends.	Office: 1079 East 152nd St., Creveland 10.0
1952 \$7.926,020	CALLABLE—As a whole or in part on at least to days' notice at any time to each Jan. 13 inc), as follows (5 per share plus dividends 1953 52: 1955, 52'4; thereafter 51'4. Stock so acquired may not be reissued.	Tunit Sales: 1950 1952 Years to Dec. 31 . 206.195 238.398
4.509.103	incl. as follows (5 per share plus dividends)	Years to Dec. 31 206,195 238,398 T. Cleaners, washers, ironers and dishwashers.
3.240.332	1953 53; 1953, 52%; thereafter 51%. Stock so	TUnit Sales: 1953 1952
4,725,620 1,303,930	Wish Patients to: an unit take anima and	Years to Dec 31. 206.195 238.398 Cleaners, washers, ironers and dryers
313 273	and or follows It has share him dividends:	Pausalidated Income Because uses seesa
\$28.391.574	1953, 5194; 1956, 5119; thereaster, 5114. SINKING FUND—Annually and cumulative. 3 1,4% of total shares issued, by purchase or	Dec. 31: 1953 1992 Net sales
9.247 951 2.414.141	3 1.3% of total shares issued, by purchase or call. Company may anticipate future require-	
6.935.810	ments.	Castr seemis so d 50.139
44.000	WARRANTS—For details, see below.	Other incoma 147.824 183.275
183.53g 36.837	TAX STATUS—Company will reimburse Pennsylvania personal property tax not ex-	Interest 209 449 449 449.
425.532	creating eight mills on taxable value,	Fed. income taxes. 19,000 _ 420,000
\$36,423,741	and 4% note financing to acquire assets of Bryant Heater Co Day & Night Manufactur-	Pr tre inc toy 01 014
\$3,052,000 4,753,405	ing Co and Payme Eliphace Co. for could:	Fredling tax. reid. er 35 555 er 45 063 Nes prefit 101.135 392.231
1.535,403 1.535,000	exponditures and working capital. TRANSFER AGENT—New York Trust Co New York and National City Bank of Cleve-	Pr. yr. deprec. adj. cr 314.927 Balance 191,435 707.258
\$14,650 100	New York and National City Bank of Cleve-	Earn surp., 1-1 0.164.885 3.484.675 Prior pfd. dive 27.048 27.048
⊕.' 4'6 5(. 129	-mare-	The second section of the second section secti

2014		MIC
Annual Meeting: Be	etween Mar. 3	l and May
31. No. of Employees:	Dec 31, 1955,	about 65.
1955 3.147,940	1951	3.594.213 4.496.237
Note: Daily average	1950	4.495.237
Note: Daily average approximation to act	bols. per da	n 1200 WES
income Account. y U. S. dultar: Toll sales Operating cops. Depr. dupl. amor. Operating profit	ears ended to Tight	\$5,050,565 4,442,406 1,729,320 2,080,840
TOIl sales	SE	\$8,252.365
Depr., ccp., amor.	2.039.148	4.442.406 ! 1.725.320 :
Operating profit Venezuela inc. tax	2.542.423	2.030.840
Net Prelit	2.542.423 -52.003 2.111.457 -9.623.222 -9.55.239 -11.22.56	230,000 1,750,840 5,240,292
Prev. earn. surp Dividend	9.990.175 975.046	
FARE SILES ""."	11.11.59	9.995 102
No. of com. shares	2.990.572	9.995 102 50.58 2.996 872
Earn., com. share. No. of com. shares After deducting a Consolicated.	o; alties.	1.000
maiance aner. as (of Des. 31 (in	U. S. dol-
lars); Assetz:	T1953	1932
Cath	T1953 51740.509 2.354 111 1.896.501	\$3.250.402 2.280.908 722.218 9.176
Receivables Tlavento: y	1.590.50	720.018
Prepayments	25.827	
Total cur. ent	\$6.20114 91.361 20.12113 20.1213 12.3613 13.981	\$0.421.695 \$17.564 27.920.420 24.518.181 12.180.180 12.658.101
Wells, plant & co	96.	917.564 .
Total Depr., depl., amor.	2C	24.5.5.154
Net propert	2.36	12 635.101
Net property Co. Manaus Explor Co. Oth. invest & adv.	1.599.220	159.600
Total Liabilities:	022.100.056	\$19.569,402
Accis pay cto Notes payable Due Can to Gir.	\$3.238.008 25000 1.647.500 937.009 937.758	54.920.646
Due Can So Cir.	1.627.50	2.000.000
Due Can So Gir. Diviound prviouse. Income tax provi-	954.014	844.265
THEORIE LEX STOVE		
Total current. Due Can So Olin. Notes particle Service one res. Tom silicator. Capital sulfus Statutor. res.	33.087.492 1 662.500	\$7,770.911
Notes pricise	******	250.000 123.504
I Com still 1 co.	938.719	955.939
Capital su.p.us	27120	955.936 371.050
Statutory res	103 645 938 639 071 600 98 700	96.000 9.999,122
Net current assets	An internal management of the control of the contro	\$19.569.492 £ \$1.549.203 \$0.81
TAT average coust of	****	ket)
Net current assets Net tang com shill That average built Theprosented by a Consolidated Consolidated Consolidated	Shousti shares	i.
	niepza Dil Ba.	C.A. com-
men: El ra :		

ment El sa :
AUTHORIZID—And insued 1 (20 000 shares outstanding 1 250,572 shares, hold in treasury 2 128 shares, nat Di VOTING RIGHTS—Bas one vote per share PREDIPTIVE RIGHTS—None.
PURPOSE—Is use turnsuant to reorganization plan of Particle Old of Venezuela of Mart, 1548 on buss of one share of company and

2 shares of Pancoastal Oil Co... C.A. for each share of Pantener Oil Co. of Venezuela. C.A.
TRANSFER AGENT—Empire Trust Co... New York.
Steckheiders' Committee: J. H. Kimes.
Chairman Fergus Reid. Jr. C. D. Reasoner.
A. S. Anderson. J. R. Young. Jr.
American Shares: Under a deposit agreemant dated Nov. 15. 1926, between Guaranty Trust Co. of New York as depositary and Pantenec Oil Co. of Venezuela C. A. common rearer shares are deposited with Empire Trust Co... New York as depositary and pantenec Oil Co. of Venezuela C. A. common rearer shares are deposited with Empire Trust Co... New York, as deposited with Empire Trust Co... New York, as deposited with Empire Trust Co... New York as deposited of a fair for shares are issued share for share agents that shares are issued share for shares as declared on ordinary shares on conversion into United States of American currency in prevailing rate of exchange are payable pro rata to holders of American shares. Devosit agreement may be terminated at any time on 2 days nonce by (1) the registered holders of a majority of the American shares the foliage of a majority of the American shares the certificater outstanding or (3) by the company of whenever the certificater outstanding represent less than \$1,000 American shares outstanding or (3) by the Depositary at any time after the expiration of 3d days foliowing the six ing to the company of notice of resignation of the Depositary provided that a successor Depositary shall theretofore have beer appointed.

Dividends paid on Pantepec Oil Co... C.A shares.

1911 \$0.64 1949 \$0.96 1950-53 T1954 0.22 Tigud. 10.22

To June 17: also 1 share each of PanIsrael Oil Co. Inc. and Mediterranean Petroleum Corp stock for each 10 shares held.
Dicidends declared in Bolivars and converted to U. S. currency at rate of U. S. 20.32
per Bolivar.
TEANSFER AGENT. DEPOSITARY AND
REGISTRAR—American Shares: Empire Trust
Co. N. Y.
LISTED—American shares listed on the
American Stock Exchange and Toronto Stock
Exchange.

INew York.

MANABI EXPLORATION CO., INC.
Controlled by Pantoper Oil Co., C. A.)
Kistery: Incorporated in Delaware Sept. 1.
1553: as successor to Manabi Exploration Co., Inc. a Texas corporation.
Eusiness: Produces crude oil in Ecuador.
Properties: Holds oil concessions on approximately 1.500.0 d acres in Enuador. Production is located in El Tigre Field on 1.000 acres comprising approximately 105 production oil wells. Company owns refinery opposition and tanker.
Officers: Cecil Hagen. Pres: R. G. Behrman.
T. R. B. Kaity. Vice-Pres: W. R. Kerr. Sec.: P. G. Pve. Trost.
Directors: Cecil Hagen. J. W. Buckley. A. C. Givstell Jr., E. W. Heath, R. B. Kelly, W. A. Prusti R. G. Behrman. J.
Assiditers: Arthur Young & Co.
Annual Meeting: May 1.
No. of Stockholders: Approximately 300.

No. of Steckhelders: Approximately 300.

Office: Bank of Commerce Blug . Houston.
 Tex.
 Production (bbls):
 1952
 1972

 Years to Dec. 31...
 400.100
 480.192

 Income Account, years ended Dec. 31:
 1950
 950

 Sales & revenues
 \$1.259.470
 \$1.200.577

 Oper, etc., exp
 738.557
 912.300.577

 Depreciation
 208.695
 165.545

 Depletion
 94.10
 10.594

 Intang, dev., amort.
 65.040
 20.071

 Royalties
 125.535
 147.539

 Interest, net
 15.00
 4.52

 Perisador inc. 12x
 20.00
 20.00
 Tex Sales & revenues
Oper., etc., exp
Depreciation
Depletion
Intang, dev. amort.
Revalues
Interest, net
Ecuador inc. tax.
Net income 14: 539 4:539 4:532 Ecuador inc. (ax...
Net income
Earn. surplus 1-1.
Cont. royal. lizb
Earn. surpl. 1-51
Earned per share.
Number of shares
Satance Sheet, as of
Assets:
Cash
Receivables
Inventorics
Advance
Prepayments d 4.825 # 4.825 214.107 26.145 183.187 # 53.034 1.237.200 Dec. 31: 1953 \$183.820 166.411 260 H12 €0.607 214.157 1.236.60J 1910 \$73.060 66.108 603.603 166 417 579.070 480.215 2.092 12..00 \$1.411.653 514.644 0.2-4.655 2.759.302 645.376 2.109.926 \$\$17.139 223.109 1.310.422 1.820.501 365.710 1.444.818 514.308 Total
Depr., depl., amort.
Net property
Construction
Invest. & adv. Construction Invest. & adv. ____ Def. charges, etc. 37.C75 4 461 Total ... Liabilities \$5.563.745 \$2,600.777 Liabilities:
Notes payable
Accounts payable.
Accruals
Income taxes
Due Can. So. Oils \$523.119 :35.450 128,571 \$110.404 110.292 #5.509 1.142 285.000 \$1.075.140 Total current . \$308.347 Total current
Advance
Cap stk. (\$0.10)...
Capital surplus
Earned surplus
JApprop surplus... 1.894.946 1.894.003 214.157 60.607 183.187 86.732 \$2,500,777 \$305,£42 Tota!

\$3.563.745 \$336.543 \$1.85 Net current assets Net tang per sh. \$1.55 TAppropriated for contingent royalty lia-

bility
Cepital Stock: 1. Manchi Exploration Co.,
Inc. common: par 10 cents:
Authorized, 1.500.000 shares outstanding, 1.257.200 sharer: reserved and under options.
31.025 sharer: par 11 cents.
Pamepec Oil Co., C. A. cwns 50.4% of stock.
No dividends paid.
Has one vote per share. Has no preemptive

rights.
Price Range 1950, 272-13; 1950, 472-235
Transfer Agent: Second National Bank.
Houston, Ten:
Options: Outstanding, Dec. 21, 1957 options
on 1,200 shares at \$4.05 per share, empiring
May 19, 1957.

ADDENDA

Common Listed: On New York Stock Exchange as Stated.

Contrangle American Stock Exchange as Stated.

Contrangle American Stock Exchange as Stated.

Contrangle American Stock Exchange as Stated. Stated Contransfer Agent: Corporation Trust Co., AFFILIATED GAS EQUIPMENT, INC.

Term Lean: Outstanding, Sept. 30, 1953, \$1,064,867,4% notes due to 1936. Proceeds for new plant and equipment.

change not American Stock Exchange as	purposes.	064.667 4% notes due to 1936. Proceeds 101	Luem
Statec	AFFILIATED GAS EDUIPMENT, INC.	plant and equipment.	
Confransfer Agent: Corporation Trust Co., Jerrey City, N. J.	Term Leans (revised): Outstanding Dec. 31,	ALBEMARLE PAPER MFG. CO.	
	: 1953, \$7,200.000, evingneed by 41.57 notes pay-	Consolidated Income Account, years o	ndce
ACF-BRILL MOTORS CO.	sole \$450,000 annually beginning Apr. 1, 1954	Mar. 25, 54 Mar.	. 29, 33
Income Debenture Es Retired: Entire issue	plus 10% of net income after taxes for pre- , ceding fiscal year: bulance due Apr. 1, 1988.		116.272
of income nateniure 6s, due Dec. 31, 1969 was	Notes are not secured.		500,930
retired a. 10. and interest on June 30. 1954 at	Company may not pay any cash dividends		041.619 580.108
Trades: tone Land Tille Bank & Trust Co	in exchas of net income after Dec. 31. plus	200000	993.614
Philadelphia.	SI 000 000. Company is to maintain net current	Operating profit 1.512.395 Other income 101.582	110 955
ACME INDUSTRIES, INC.	assets of at least the greater of \$7.500.000 or	Total income 1713 977 1.1	104.603
Term Lean: Outstanding, Mar. 27, 1954, \$285,-	150% of total debt (as defined). At Dec. 31,	Other deductions 381 140	267,614
848 5% notes payable \$5.830 monthly to Mar.	' 1552, \$2.610.624 retained earnings were not so restricted.	Income taxes 400.997	385.006
19, 1955 and \$5.912 on Apr. 19, 1938. Proceeds	Brak Gredit: Outstanding Dec. 31, 1953, \$4	Excess profits tax.	3.924
to return outstanding notes.	520,000, evidences by 90 day 312% notes guar-	Trans. 1 1 1 1 1 1 1 1 1	51.214
Company may pay dividends not in excess of \$50,000 only from net earnings after July	anteed by U. S. covernment, Issued under re-	Exc. prof. tax ref Cr	258 452
31. 1932 and agrees to maintain net current	volving credit providing for maximum bor-		642.111
assets at not less than \$750,000.	rowings of \$5.000.000 to Dec. 31, 1954.	I sade supplies consists	672.296
Restriction will be modified to payment of	Subsidiary Lorn (revised): Outstanding Dec. 31, 1933, \$300.000 5% mortgage note, due		24 KZ#
dividends up to 75% of available net earn-	\$20,000 annually, 1935 to 1968 incl.	6% pfd. divs 84.828	13.855
ings after July 21. 1953, net proceeds from	Subsidiary Bank Credit: Outstanding Dec.	Surp end of per. 5.562.974 5.	303.434
stock rale in 1954 total \$400.000.	\$1, 1983, \$150,000 evidenced by 414% demand	Surp. end of per. 5.862.974 5.45.58	303 434
No. of Employees, Mar. 10, 1954, 579.	notes. Issued under revolving credit providing	Edition by pro- bit-	
Common Offering: 50.000 shares of \$1 par		Esrn., 5% 2nd pid.: Priority basis 55.95	\$5.73
common offered at \$9.625 per share (proceeds	Dividend Disbursing Agent (preferred and	Particip basis 10.00	
to company \$5.422 per share) on May 6, 1954 by	Communication Total Tink Co. New Total	. Parmeth meat	

Statistical Resert (nont'd) Fixed charges earned: Before inc. taxes & dep	1948 34.24	1947 39.00	1946 27.72	1943 71.50	1944	1943	
Before inc. taxes & after dep	31.90 20.36	37.25 24.05	?5.13 15.w0	65.03 25.54	\$403.40	1000	Ξ
—class A —class B com Times preferred dividend earned	\$28.29 \$14.15	\$26.61 \$13.31	\$20.70 11.03	\$20.86 10.43	E \$10.26}	\$50.67	1
MPrice range—deb. 27ss, 1965	101 -971; \$5.952	105 14 - 99 2. 35 - 176 53 - 734	10414-1017. \$4,550	7.35 1021 <u>5</u> 21003 <u>5</u> \$4.044	4.71	4.25	-
Net current assets per \$1,000 fd. debt. Number of shares—preferred.——class A.———————————————————————————————————	\$3,796 438,592	\$3.734 425.392	\$1,284 428,592	\$2.972 12.06.322	27 094	27.337	•
—class B common	188.626	193.750	192,750 192,750 issue, and (b)	193.750	123.00.} 178,75:} such terms an	155.59; 	an diam
fiscal year.		et income (as	defined) for 36	consecu- may	determine. Not	entitled to	170ecz.0

Eriscal years.
7 Giving enfect to 5-for-1 split.
6 Olving effect to 216-for-1 split.
7 Entire usus called Nov. 30, 1945.
8 Before 24-for-1 split.
101945, \$12.50 par shares; prior years, no par

BAfter 5-for-1 split.
BAfter 34-for-1 split; before, 68-26.
ENew stock.
Note: After split-up of class 3 common, Nov.
30, 1944, class A common was designated class PUNDED DEST

1. Devee & Reynolds Co., Inc. sinking fund debenture 2%, due 1983:
Rating—A
AUTHORIZED—33.500,000; outstanding, 53.185.000.
DATED—Oct. 1, 1945.
MATURITY—Oct. 1, 1965.
INTEREST—A&O 1 at office of trustee. Principal and interest payable in U. S. legal tender.
TRUSTEE—Guaranty Trust Co., New York.
DENOMINATION—Coupon \$1.000; registerable as to principal.

proceeds of proposed issue, and (b) consolidated net income (as defined) for 36 consecutive months within 42 calendar months next preceding average per annum at least 215 convertible into preserted or any collections annual interest on consolidated funded debt to be outstanding less funded debt to be retired from proceeds of proposed issue.

DIVIDEND RESTRICTION—Company will not declare or pay dividends (except stock dividends) or make any distribution on, or purchase or redeem, or permit any subsidiary to purchase, any capital stock, uncest immediately, thereafter (1) subsequent to Nov. 30, 1944.

The purchase is any capital stock indends declared or paid plus purchases, redemptions and other distributions on capital stock subsequent to 1870, 1973, 1974.

The purchase is a consolidated net income: (b) net proceeds from sole of stock (38 defined) and (2) consolidated net current assists (as defined) equal at least 127, of consolidated funded debt (as defined).

The purchase of sole of stock (38 defined) and (2) consolidated net current assists (as defined) equal at least 127, of consolidated funded debt (38 defined).

The purchase of sole of stock (38 defined) and (29 consolidated net current assists (as defined) equal at least 128, and (30 day grace period for payment of interest). The purchase of solidated net current assists (38 defined) and (29 consolidated net current assists (38 defined) and (39 defined) and (48 defined) and (48

INDENTURE MODIFICATION — Indenture may be modified except as provided with consent of 65 2.5% of debentures.

PURPOSE—To redeem all 17.014 shares of 5% preferred; to advance funct to Truscon Laboratorier. Inc. ... a subsidiary), for redemption of 528,5000 first serial 5s. and for sales ex-

critories. Inc. ... a subsidiary, for redemotion of \$328,5020 first serial 5s. and for tales excansion.

TAX STATUS—No provision for assumption or retund of any Federal or state taxes.

OFFERED—(\$3,500,000) at 1003s approveds to company \$814 on Oct. 26. 1945, by a symicate headed by Shields & Co., New York.

FRICE RANGE—1948 1947

21s. 1965.... 101-971s 10312-9914 10414-10115

CAPITAL STOCK

1. Devoe & Raymolds Co., inc. class A stock:

Par \$12.50:
AUTHORIZED—537.500 shares: cutstanding.

Nov. 20. 1948, 436,392 shares: par \$12.50:
(changed from \$100 to no par in Sept., 1923, two class A shares and one class B share exchanged for each \$100 par share: changed from no par to \$12.50 par in Oct., 1945), on basis of 21s. \$12.50 shares for each no par share: changed from no par to \$12.50 par in Oct., 1945), on basis of 21s. \$12.50 shares for each no par share:

DIVIDEND RIGHTS—Since 21s for 1 split in Ccc., 1945. entitled to receive twice as much dividends as paid to class B.

Evident Receive 1985;

(Calendar Years)

[\$100 par shares]

1917-18 Nil 1319-22 4.00 1923... 5.00

1224... 4.50 1925... 7.00

121825... Ril 1394-32 7.00

1225... Ril 1394-32 7.00

1236... Ril 1394-32 7.00

1247-32 7.00 1928... 1.10

1945... 1.00 1948... 2.50

1945... 1.00 1948... 2.50

1945... 1.00 1948... 2.50

1945... 1.00 1947... 1.50 1948... 2.50

1945... 1.00 1947... 1.50 1948... 2.50

1948... 2.50 A shares only after \$ for 1 split of class B.

REPTIONES CO. OF ILLIANT and II SHAPE CASA.

In Oct., 1925, 5:300 class A shares and in: 1925, 15:000 class A shares were sold to piovises and in Apr., 1935, 23:300 class A at were issued to acquire Jones-Dabney Ca Class A common title was changed to: A. Nov. 20, 1944.

For issuance of additional stock see I remains Rights below.

OFFEED—46:799 no per shares) at \$4.75 share on Oct. 23, 1945 by a syndicate her by Shields & Co., New York, Proceeds to immures company in part for acquisition Eeckwith-Chandler Co. and Truscon Lab tories, Inc.

Beckwith-Chandler Co. and Truscon Last totles. Inc.

PRICE RANGE—1948

Class A 251-1914 31-2015 3912 Deve & Raynolds Co., inc., class E a
man; no gar:

Nov. 50. 1943. 188.626 shares; no par. In S1925 two class A shares and one class B si
were exchanged for each 5100 par share
Nov. 50. 1944 class B common was split
basis of 5 no par shares for each old no
share.

above.
VUTING RIGHTS—Entitled to elect \$
thirds of directors.
In voting as a class, entitled to one vote

in voting as a group, and not separately a class class B has 1 vote per share.

PREEMPTIVE RIGHTS—Same as class

DRESSER INDUSTRIES, INCORPORATED

CAPITAL STRUCTURE Times Charges Earned FUNDED DEBT
1. 315% promis notes, due 1931 to 1962
CAPITAL STOCK
Issue
1. 334% cum. conv. preferred
2. Common Amount
Outstanding
\$12,300,000
Amount Price Range 94d 1932-4 Interest Rating 1947 30.04

HISTORY

Incorporated under the laws of Pennsylvania. Dec. 31, 1938, as Dresser Manufacturing Co., as result of a consolidation of S. R.

Dresser Mig. Co. (incorporated in 1905 as successor to a business founded in 1850) and successor to a business founded in 1850 and successor to a business founded in 1850 and successor to a business founded in 1850. Co. (accorporated in 1850) and successor to a business founded in 1850 and successor to a business founded in 1850. Co. (accorporated in 1850) and successor to a business founded in 1850 and succe HISTORY

On Nov. 1, 1844, company acquired, by inquese of 183,800 sharm (par SI) of Dresser conserved of 183,800 sharm (par SI) of Dresser compandes, and its subsidiaries. International Derrick & Sed its subsidiaries. International Derrick & Sed parate companies). Roots Connerville sparate companies). Roots Connerville sparate corp, and Stacey Bros. Gas Construction Corp. and Stacey Bros. Gas Constructional Derrick & Equipment Co. in International Derrick & Equipment Co. of International Derrick and properties of International Derrick & Equipment Co. of Oniol and Stacey Bros. Gas Construction Co. Capul stock of Roots-Connervalle Blower in the International Derrick & Equipment Co. of Capul stock of Roots-Connervalle Blower Corp. was dissolved.

On Feb. 1, 1945. acquired net assets of Kobe

On Feb. 1, 1945, acquired net assets of Kobe Co. These net assets were subsequently trans-terred to Kobe, Inc., the old company being

puring first half of 1945, company purchased remaining 50% interest in Roko Corp. Roko has subsequently been dissolved and its assets transferred to Kobe, Inc.

transferred to Kobe, Inc.

On Nov. 1, 1945 acquired 100% ownership of security Engineering Co., Inc.

Sale of Gas Appliance Division: On Jan. 12, 1965, sold its three gas appliance companies, namely Day & Night Manufacturing, Co., Pavne Furnace Co. and Bryant Heater Co. to Affiliated Gas Equipment, Inc. for \$10.870,000. The first two companies were acquired in 1945 and Bryant Heater Co. in 1933.

These companies accounted in 1945 for \$29-171,280 of company's net sales and \$2,246,314 net profit.

SUBSIDIARIES

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As of Feb. I. 1949 company held 100% voting control in following subsidiaries:

Sevairé à Seyfong Manufacturing Ca. (Pa.);
Founded 1891. Manufactures geared pumping powers, bandwheel pumping powers, pumping sicks, and convertible gas or oil engines and allied accessories and equipment.

allied accessories and equipment.

Ciert Bres. Co., Inc. (N. Y.): Founded 1880.

Manufactures gas. steam and Diesel-driven engines and compressors of all sizes from 75 to 4000 BHP, supplied principally to oil and astural gas industries. Also marine and stationary diesal engines: and slush pumps used is rotary oilwall drilling as well as small oilwell pumping engines and similar equipment.

Bresser Manufacturing Co., Ltd. (Outsrie, San.): Organized Sept. 24, 1931 to sell parent company's products in Canada.

International Dervick & Equipment Ca. (Shie): Founded 1920. Manufactures ofliwell pumping units, derricks and drilling units, such as drawworks, rigs, rotary tables, swivels for rotary drilling; also cable tool equipment; also prefabricated steel buildings—hangars, garages, etc. aviation communications and electric power line equipment such as towers, sub-station structures.

Kobe, inc. (Col.): Founded in 1923. Manufactures hydraulic oil-well pumping systems. hydraulic pumps, perforsted—of slotted pipe and pre-packed gravel liners.

and pre-packed gravel liners.

Pastife Pumps, inc. (Csi.): Founded 1923
Manufactures centrifugal pumps (large horizontal types) for refineries and oil lines including hot-oil charging pumps, high pressure boiler-feed pumps for electric-generating plants; general service pumps for petroleum and other industries: deep-well plunger pumps for oil wells: deep-well turbine pumps (water) for municipalities, industrial use, and irrugation princips. tion projects.

Owns entire outstanding capital stock of Pacific Pumps. Inc. Mid-Continental Division. which company distributes "Pacific" pump-ing equipment and maintains oil field stores.

Roots-Connersville Blower Corp. (ind.):
Founded 1854. Manufactures blowers, exhausters, boosters and compressors for movement of air and gases in steel, gas, chemical
and other industries; also air and liquid
pumps, meters.

Security Engineering Co., inc. (Cal.): Founded 1931: incorporated Jan. 25, 1937. Manufactures oil well reamers, liners, core drills, drilling bits and fittings. Also a patented drillable alloy "Securaloy."

Stacey Brea. Gas Comstruction Co. (Chie): Founded 1915. Produces dry and wet seal gas holders for municipalities and utilities fabricated vessels of all types for food, chemical and general industrial use, and aluminum fabrication. See also Stacey-Dresser Engineering Division, below.

DIVISIONS

Stacey-Dresser Engineering Division: A di-vision of Stacey Bros. Gas Construction Co. Engineers and constructs liquified gas storage plants and plants for large volume production

of oxygen.

Dresser Manufacturing Division: Products are pipe couplings, fittings, retail: elamps and sleeves; rolled and welded rings, specially designed rims, motor frames and weldments; copper tubing fittings, welding fittings and flanges.

AFFILIATE

Hydrogram Research, Inc. (33 1/3%-owned) engages in experimental and development work on the engineering and commercial application of the "Hydrocol" process for making gasoline from natural gas.

BUSINESS & PRODUCTS

Dresser Industries, Inc. is an affiliation of member companies, joined together by a common ownership, with kindred interests, coordinated products and related markets, operating chiefiv in the oil, gas and water and chemical industries, producing equipment used in drilling, transporting and refining crude oil and natural cas.

PRINCIPAL PLANTS & PROPERTIES

As of Feb. 1, 1949, principal plants of company and its subsidiances were as follows:
Dresser Mfg. Division Plant—Located at Bradford, Pa.
Clark Plant—Located at Olean, N. Y.
Pacific Pumps Plant—Located at Hunington
Park Cal. and service plant at Tulsa. Okla.
Bovaird & Seyfang Plant—Located at Bradford, Pa.

Boysird & Seylang Flants—Located at Columbus, Delaware and Marietta, O.: Besument and Dallas, Tex.: and Torrance, Cal. Roots-Connersville Plant—Located at Connersville, Ind.

nersynile. Ind.
Stacey Bros. Plant—Located at Cincinnati, Kobe Plant—Located at Huntington Park. Cal.. and service plant in Oklahoma City, Okla.
Security Projection

ORIS.
Security Engineering Plant—Located at Whittier. Cal.
MANAGEMENT

AMM Services of the Control of t

Arthur R. Weis, Vice-President
A. F. Witthinrich, Asst. Sec. & Asst. Treas.

Birectors: S. Bush. New York
Norman Chandler, Los Angeles
C. Paul Clark, Olean, N. Y.
William V. Griffin, New York
Oscar M. Havekotte, Columbus, O.
H. N. Mallon, Cleveland, O.
William A. McAlee, Cleveland, O.
J. B. O'Cenner, Cleveland, O.
Arthur R. Weis, Huntington Fark, Cal.
Assessi Morting: Third Monday in March.
Number of Stackholders: Oct. 31, 1948, Preferred, 407; common, 3-219,
Number of Ensileyses; Oct. 31, 1948, 3-677.

General Office: 1139 Tarminal Tower, Cleve.
land 13. Ohio.

INCOME ACCOUNTS

Net sales	CONSOLIDATE 1948 IS108.536.897 79.301.541 18.393.700	D INCOME 1947 \$80,095,199 60,033,069 12,481,953	ACCOUNT. 1946 \$54,783,178 44,510,768 9,738,239	FISCAL YEARS 1945 \$50.344.911 60.659.273 \$.102,727	ENDED OCT. 1944 854.995.408 41.908.236 2.945.445	31 1943 \$62,499,030 48,975,018 3,299,167	1942 \$28.796.687 21.710.329 2.352.031
TOperating profit Tother income (net)	12.706.558 411.513	7.580.173 274.616	533.131 650.545	8.752.909 173.877	9,135.677 64.293	10.224.845 56.719	4,734,317 48,080
Total income Interest Miscalianeous other deductions. Federal income taxes IFfederal excess profits tax. Landdian & state income tax adjust. Prior years and income tax adjust. Prior years and adjustment inet. IFrow for renegotistion refund. Ultimority interest	13.118.169 433.979 35.247 4.460.000 104.000 45.521	7.854.7E9 179.953 17.980 2.856,000 54.700	1.183.728 130.232 47.191 761.000 51.000 35.400 cr 837.000 cr 41.322	\$.926.785 366.200 19.364 729.000 5.645.000 41.250 cr 135.000 er 25.676 300.000 48.000	9.202.970 355.572 5.27 5.60.000 5.777.000 53.000 57.37.398 800.000	10.231.624 304.534 5.25) 600.070 6.723.000 30.000 47.356 700.000	4.782.397 105.517 5.944 720.000 2.200.000 32.400 cr 9.981
Enred surplus, beginning of year. Jother surplus credits referred dividends Common dividends If the surplus charges	T.8.033.422 11.533.451 219.575 1.232.028	4,439,189 7.131.840 184.047 221.625	1,037,235 6,676,143 225,000 325,541 28,000	1.921.528 6.435.209 21.250 1.407.053 345.018	1.656.359 5.478.570 20.407	1.851.143 4.300.494 586.250 123.814	1.728.516 3.080.478 100,000 418.750 150,750
Parned surplus, end of year	18.120.470	\$11,523,451	\$7,131.840	\$8.675,145	86.485,330	\$5,478,573	4.339,494

Earned surplus, end of year.

Net sales Net income TAfter depreciation and amortization: 1948. 1.467.467: 1947. \$1.183.554; 1946. \$951.716; 1945. \$1.575.017; 1944. \$823.389; 1943. \$724.214; 1942.

Ti948: Includes \$144.147 adjustments to re-serve for doubtful accounts and property and related reserves to conform to income tax basis.

1946: Includes \$205.103 net gain realized from sale of investments in van der Horst Corp. of America and Gulf Plains Corp. 2544-2: After debt retirement credit (1944, 800.000: 1943, \$543.000: 1942, mil); and post-war 193

Ti946-45: Refundable income taxes of prior pears arising from carry-back of operating losses and unused excess profits tax credits. I 1944: Includes \$50,000 additional provision for prior year.

26,425,330 \$5,478,573

Equip. Div. Onl & Gas Appliance Equip. Div. Division and amortization. 1948.

1. The depreciation and amortization. 1948.
1. St. 1946. S18.17.1260
1. St. 1947. S1.183.554: 1946. S18.17.16. 1945.
1. St. 1947. St. 1947. S1.183.554: 1946. S18.17.16. 1945.
1. St. 1947. St. 1948. S18.18. S1

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945 2.03	1944	1943	1942
(.U.)	*******	******	*******

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	1948	1947	1946	1945 23 2.03	1944	1943	1942
Earned per share—preferred	\$138.12	\$75.50 \$3.85	\$17.46 \$0.74	₹\$2.60 ₹\$1.60	£\$4.70	\$2.33	2.85.16
common	\$7.14	83.83		2 31.00	2,34.7.j	24.44	12.53.40
Times preferred dividends earned	38.64	20.03	4.61	*******			
Dividends per share-preferred	\$3. <u>75</u>	\$3.75	\$3.75	\$0.53%	\$2.00	\$1.00	\$2.50
common	\$1.50	nil	nil	\$1.20	\$2.00	\$1.00	52.50
Price range-preferred	96- 63	9E14-80	116-91	113-11135		*******	
-common	3114-19-2	23-14	3334-1536	1.33427	5832-2872	2312-16	2632-1316
Net tang, assets per shpreferred	\$640.31	\$518.43	8440.07	\$415.75			******
-common	\$28.71	\$22.47	\$18.45	\$17.87	\$32.12	\$28.90	\$25.50
Fixed charges earned:		•					
Before inc taxes & depr. & amort	33.42	48.41	26.34	27.73	24.01	23.63	50.37
Before inc. taxes & after depr. &	00.02		•			••••	
amort.	20.04	₹1.54	9.04	23.45	21.87	31 26	45.36
After inc. taxes & depr. & amort	. 19.52	25.6 6	8.96	6.25	\$.30	3 <u>1.26</u>	45.36 17.39
Times chas, & pfd. div. earned	12.37	11.50	3.29	******	•	_	_
Net tang, assets \$1,000 fund, debt.	23.981	\$5,770			\$32,473	\$22.517	\$7,329
Net curr. assets per \$1,000 fund. debt	\$2.657	\$3.521		*****	\$21.486	\$11.60	\$2,709
Mumber of theres per 51,000 land. Gent	55.200	58.800	59,400	60,090		*******	
Number of shares-preferred		1.095.137	1.095.137	1.060.059	350.000	232,000	333,000
Calendar year.	1,095.137	1.055.131	4.083.131	1.000.039	300,000	000,000	333,000
CONTRACT TEST.							

MAfter renegotiation: 1944, \$4.50; 1942, \$4.78. GAfter 2-for-1 split; before, \$2%-54%. BAfter deducting preferred dividend requirement for full year

STATISTICAL RECORD. FISCAL YEARS

PUNDED DEBT

Term Lean: On Jan. 13, 1948, the company Term Lean: On Jan. 13, 1948, the company serrowed \$7,500,000 under a loan agreement with Prudentual Insurance Co. or America and Massachusetts Mutua: Life Insurance Co., watch provides for borrowings up to \$12,500,000. Outstanding Oct. 31, 1948, \$12,500,000. Outstanding term loan of series used to retire outstanding term loan of series used to retire outstanding term loan of \$1,15,000 with balance being used for working capital, adultions to plant and equipment and senies occupanted to plant and equipment and senies occupanted to apply to pro-rate prepayment of all notes issued thereunder a sum equal to \$5 of original agregate brancipal amount of soles and on Dec. 15 in each year thereafter a sum; equal to 10% of original principal or soles; all such prepayments shall be without genium. sotes: an such prepayments shall be without premium.

Lan agreement requires company to maintain consolidated working capital of at least \$7,000,000.

034.6[]

\$40.376 \$99.465 405.109 \$75.218

6),174 : 89,249 SC1 259 142,052 153,140

385.705 387.696 145.317

453.23 49.244

39.000

100.47 244.67

000,008 150,008

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350.000 654.200 339.494

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gin consolidated working capital of at least \$7,000,000.

Agreement further provides that company among other things, may not, without consent of holders of two-thirds of principal amount of holders of two-thirds of principal amount of notes 'then outstanding', redeem, retire or otherwise acquire any shares of its stock, declare or pay any dividend, exceptioned declare or pay any dividend, exceptioned and account of any shares of its stock, unless after such redemption, distribution or dividend as 10% of excess of consolidated net earnings over consolidated net issue quarter preceding date of such redemption, distribution or dividend as 10% of excess of consolidated net earnings over consolidated net fasting and commencing on Oct 31, 1987, to last send quarter preceding date of such redemption, distribution or dividends, and other distributions paid or declared on any class or stock associated amount expended subsequent to Oct 31, 1948, for redemption or acquisition of any shares of any class or stock, over aggresse amount received subsequent to Oct 31, 1948, for redemption or acquisition of any shares of any class or stock, over aggresse in any class or stock, over aggresse in the stock of the

CAPITAL STOCK

1. Dresser industries, inc. 314% cumulative convertible preferred; par 3100:

AUTHORIZED—All series, 118,200 shares: ou standing, this series, 38,200 shares; par \$100. PREFERENCES—Has preference for assets and dividence.

DIVIDEND RIGHTS—Entitled to cumulative dividends at rate of \$1.75 per chare annually payable querierly Mar. 15, etc., cumulative from Sept. 13, 1945.

from Sept. 15. 1945.

DIVIDEND RESTRICTION — Company may not pay any dividends (except in junior shares or make any distribution on, or acture (or value or provide for redemption of, junior stock. (f. () thereafter total of all resemblings of junior shares rubsequent to Octure. 1944, exceeds the sum of (a) consolidated fet income from and after such date, (b) \$1.000 60% and (c) net proceeds from sale after such date of junior anares; or (2) as of Apt. 30 or Oct. 31 mext breeeding, and after giving effect to all such disbursements after such the sum of the par or stated value of all junior stock plus consolidated surplus is

less than 150% of the sum of consolidated funded acht and involuntary liquidation value of all preferred and stock having priority or parity therewith.

DIVIDEND RECORD—Initial dividend of \$3%, cents paid Dec. 15, 1945; regular dividends paid quarterly thereafter.

DIVIDEND RECORD—Initial dividend of \$374, cents paid Dec. 15. 1945; regular dividends paid quarterly thereafter.

VOTING RIGHTS—Has one yste per share. While an amount equal to dividends for one year is in default preferred, voting separately as a class, is entitled to elect one-third or next highest whole number of directors.

Affirmative vote (at a meeting) of \$2.2% of preferred necessary to (1) create or increase any stock ranking prior to preferred; 2) amend or repeal provisions applicable to all senes of preferred; (3) reclassify preferred; (2) amend or repeal provisions applicable to all senes of referred; (3) reclassify preferred; (2) amend or dissolve, or dispose of substantially all assell; or (4) consolidate or merge unless (a; rights of preferred are asteguarded, and (b) immediately thereafter resulting corporation and substidiaries shall not have eutstanding funded debt or stock greater in amount than that permitted to company and its subsidiaries.

Affirmative vote (at a meeting) of \$2.2% of any particular series of preferred necessary to change rights of such series.

Liness as of Apr. 30 or Oct. 3) next preceding, and after giving effect to any such transactions made after such date and prophed, the sum of (a) par or stated value of all junior stock and (b) consolidated surplus equals at least 150% of consolidated surplus equals as the firmative vote (at a meeting) of all series of preferred shall be necessary to (1) create, assume incur or guarantee, directly or through a subsidiary, any funded debt. except for renewal or extension of funded debt. except for renewal or extension o

CONVERTIBLE—Into common prior to Sept. 15, 1955 for if called, to redemption date: on basis of 21; common shares for each preferred share, with scrip for fractional shares. Conversion rights protected against dilution.

PREEMPTIVE RIGHTS—None.

such sum shall be so applied and deficit shall be cumulative. Credit may be taken for excess retirements.

ADDITIONAL PREFERRED—May be issued in series with dividend rate and other provisions as fixed by directors subject to prescribed institutions.

as fixed by directors subject to prescribed immitations. PURPOSE—Net proceeds to redeem 8% preferred of a substitutery and to pay short term bank loans; belance for additions to plant and equipment and working capital. LISIZD—On New York Stock Exchange TRANSFER AND DIVIDEND DISBURSING AGENTA-New York Trust Co., New York REGISTRAR—City Bank Farmers Trust Co., New York

essis:
AUTHORIZED—2.400,000 shares: issued and outstanding: 1.095,37 shares; reserved for conversion of preferred. 145,500 shares: par 50 cents (changed from no par to par \$1, Oct. 23, 1944; to par 30 cents. Mar. 27, 1945, on a two-for-one split).

Bividend Record (in \$)

1941-42

On 51 par shares.
1844... 1.00
Cn 50-cent par shares:
1845... 1.20 1946.47 níl
T1949. 0.50 1948... 1.50

T1949. 0.30
TTO MRT 16
DIVIDEND LIMITATIONS—See 3%% preferred (No. 1) and loan agreement, above.
LISTED—On New York and Los Angeles Stock
Exchanges
TRANSFER AGENTS—New York Trust Co.,
New York, and Bank of America N. T. & S. A.,
Los Angeles.
DIVIDEND DISBURSING AGENT—New York
Trust Co., New York,
REGISTRARS—City Bank Farmers Trust Co.,
New York, and Security-First National Bank,
Los Angeles.

ERICE RAUGE—1948 1947 1946

share, with scrip for fractional shares. Conversion rights protected against dilution.

PREEMPTIVE RIGHTS—None.

CALLABLE—As a whole or in part on at least 30 days' published notice at any time to Sept. 15, incl., as follows, per share; plus dividends: 1950, \$107.30; 1955, \$105, and at \$106 thereafter. Also callable for sinking fund, which see, at \$109 per share. Not less than all preferred may be redeemed if any dividends are in arrears.

EINKING FUND—On or before each Apr. 15, 1946 to 1955, incl., an amount (to extent of consolidated net income for preceding fiscal year less preferred dividends) sufficient to purchase at \$1.32 per share. 170 of all 32-67 preferred therefore issued; any balance not so used within 12 months to be returned to general funds.

Cn or before each Oct. 15 beginning 1856, company shall retire 250 of all 32-67 preferred dividends) sufficient to issued prior to close of next preceding fiscal year less preferred therefore converted by the reconstruction with acquisition of International States (Supply Co., Inc. (48.187); Day & Night Mig. Co. (34.334); Roke Corp. 18.310).

REARMETER A TERBISIAN AND TERBISIAN ASSOCIATION AND TERBISIAN AND TERBISTAN AND TERBISTAN AND TERBISTAN AND TERBISTAN AND TERBISTAN AND

JOY MANUFACTURING COMPANY

CAPITAL STRUCTURE

CAPITAL STOCKS
Par Amount
Value Ourstanding
L Common S1 S5. 354 sits.

LFisca: years. HAs of Mar. 21, 1948. ERange since 1941.

Droximately 40% fa heoryorated Feb. 7. 1839 under the laws of easily varias and on Sept. 30. 1859 acquired the sasets subject to liabilities of a company of similar name incorporated in Delaware Oct. 1, 1821.

series subject to isabilities of a company of similar name incorporated in Delawar? Oct. I. 1321.

Le Sept. 1345. acquired land, plant and equipment of Arms-Franklin Corp. of Franklin, Pa. Effective Feb. 28. 1946. Sullivan Macninery Co. (incorporated in Mass. Dec. 26. 1913) and Ladel Conveyor & Monufacturing Co. (incorporated in Ohio Mar. 29. 1926) were merged for details, see Moody's 1948 Industrial Mancal.

On May 21. 1946. company purchased real state, plant, equipment, tools, supplies, integrates, goodwill and business of Breckenings Machine Co. (C.) for Safe 249.

On Oct. 1946. Joy Service Co., a whollyward Febsicary, was liquidated into company on Nov. 15. 1947. company entered into an appearant to purchase authorized but unitable stock of National Mine Scivice Co. (W. 1986) stock of National Mine Scivice Co. (W. 1996) in installments of 315.000 each on Foodmately 33%. Company agreed to pay Nov. 15 and Dec. 15. 1947: Mar. 15, 1945. and The payments did and prior to Sept. 30. 1849. Ave been made and on Dec. 31. 1947 company stock of payments of 3140.000 additional shares which would increase percentage ownership to appearant increase percentage ownership to ap-

proximately 40% in event additional stock is issued.

Outstanding

TEarned per Sh. 1948 1947

88.52

\$8.14

on Nov. 19. 1948, company acquired inventories and obysical assets of Whitehall Machine & Tools Ltd., Galt. Ont., title to which were taken in name of its subsidiary Joy Manufacturing Co. (Canada), Ltd. SUBSIDIARIES

Primarily an operating company, but as of Doc. 31, 1943, hold 1007, voting power in the following foreign subsidiaries:

Name, place of incorporation and business: Joy Monufacturing Co. (Canada), Ltd. (Ontario, Can.)—Sales: also manufactures compressors mine car loaders and core drills at Galt. Ont.

Joy-Sullivan, Ltd. (London, England)—Sales: also manufactures, through a subcontractor, coal cutting machines and chain and belt conveyors which are sold to the British Government and also for export. In 1948 the British Government leased manufacturing space to subsidiary in a plant in Scotland and was also building a new plant close by. Compagnie Joy (Paris, France)—Sales.

Sales.

Joy Sullivan Machinany, Co. (Phys.) Ltd.

Sales. Sales Machinery Co. (Ptv.) Ltd. (Johannesburg, Union of South Africa'—Sales: also manufactures certain parts and components for rock drills, hoists and mine

combonisms car coardors. Car loaders. Machinery Co. (Pty.) Ltd. (Sydney, Sullivan Machinery Co. (Pty.) Ltd. (Sydney, Australia!—Assembly and sale of certain of company's products; also manufac-

tures mine car loaders, shuttle cars and drills.

Joy-Sullivan Machinery Co., S. A. (Mexico City, Mex.)—Sales.

AFFiLIATE

1948

Call Price

TDivs. per Sh. 1943 1947 \$5.00 \$1.80

Price Range 948 1932-48 -305, T4314-814

AFFILIATE

As of Mar. 31, 1949, company had a 40% interest in National Mint: Service Co. (W. Va.) which engages primarily in the business of repair and rebuilding of mining machinery and in the sale of related parts. It performs such services for the company in certain mining areas east of the Mississippi River.

For full details of acquisition of National Mine Service Co.. see under "History" above.

BUSINESS & PRODUCTS

Company is primarily engaged in the maniferent

Company is primarily engaged in the manufacture and sale of mining machinery and equipment largely used in underground mines. Similar and other products are also manufactured and sold to the construction, petroleum, marine and other industries and to municipal covernments. governments.

Manufacturing activities of the company are conducted through the following four divisions:

sions:

Jey Divisies (Franklin, Pa.): Principal products include mechanical loading machines, shuttle cars, continuous miners and mining machine trucks for the transportation of cutting machines and other equipment. These products are used primarily in underground bituminous coal mines, but are also used in the mining of limestone, iron orc, bauxite, gypsium, potash and other bedded mineral deposits.

Certified Copy

CERTIFICATE OF INCORPORATION

OF

233111

AFFILIATED GAS EQUIPMENT, INC.

FILED

In the office of the Secretary of State of the State of California

JAN 3 - 1949

FRANK MissOURDAN, Secretary of State

Assistant Secretary of State

CERTIFICATE OF INCORPORATION

OF

AFFILIATED GAS EQUIPMENT, INC.

We, the undersigned, in order to form a corporation for the purposes hereinafter stated, under and pursuant to the provisions of the General Corporation Law of the State of Delaware, do hereby certify as follows:

FIRST: The name of the Corporation is Affiliated Gas Equipment, Inc.

SECOND: The principal office of the Corporation is to be located in the City of Dover, in the County of Kent, in the State of Delaware. The name of its resident agent is UNITED STATES CORPORATION COMPANY, whose address is No. 19-21 Dover Green, in said City.

THIRD: The nature of the business of the Corporation and the objects or purposes proposed to be transacted, promoted or carried on by it are:

- 1. To manufacture, produce, assemble, purchase and/or otherwise acquire, sell and/or otherwise dispose of, distribute and/or deal in, as principal and/or as agent, repair, construct, erect and inspect (a) solar, gas, coal and electric heaters, heating and ventilating equipment, boilers, tanks, generators, engines, furnaces, air conditioners, stoves, refrigerators, dynamos, machines, motors, gas regulators, stokers, gas, water, electric and steam specialties and devices of every kind and description, and any and all parts, appurtenances, supplies, equipment and appliances for or used in connection with the foregoing; (b) any and all kinds of plumbing and sanitary fixtures and supplies and hardware supplies incident thereto; (c) any and all articles consisting, in whole or in part, of iron, steel, copper, or other metals or materials and any and all products thereof; (d) any and all household equipment and accessories; and (e) any and all other articles and products, goods, wares and merchandise of whatever class and description.
- 2. To engage in, conduct and carry on generally the business of manufacturing and selling the aforesaid articles; and, in this connection, to manufacture, mine, produce, acquire, hold, operate, lease, deal in and dispose of not only the products, goods, wares or merchandise useful in the manufacture of such articles, but also the raw materials which enter into the composition thereof.
- 3. To purchase or otherwise acquire, own, hold, lease, mortgage, pledge, sell, assign, exchange, transfer, or otherwise dispose of, and to invest, trade and deal in, property, real or personal, tangible or intangible of every nature or description and to purchase, lease, build, construct, maintain and operate offices, laboratories, wharves, terminals, mills, factories, work shops and other structures necessary, incidental or convenient to the carrying on of any business of the Corporation.
- 4. To apply for, register, introduce, develop, acquire, hold, use, exercise, operate, lease, deal in, dispose of, take or grant licenses or other rights with respect to and in any and all ways exploit or turn to account, inventions, improvements, processes, privileges, copyrights, patents, trademarks, formulae, trade names, and distinctive marks and similar rights of every nature and description relating to or useful in connection with any business of this Corporation, and whether granted, registered or established by or under the laws of the United States of America or of any state, country, authority or place.
- 5. To acquire, by purchase, subscription or otherwise, hold and dispose of all forms of securities, including stocks, bonds, debentures, notes, evidences of indebtedness, certificates of interest, and other rights, choses in action, interests and obligations, whether issued or created by corporations, domestic or foreign, associations, partnerships, individuals, governments, states, municipalities or other political divisions or subdivisions; and, while the holder of any such securities, to possess and exercise in respect thereof any and all rights, powers and privileges of individual ownership or interest therein, including the right to vote thereon for any and all purposes and to consent or otherwise act with respect thereto.

- 6. To purchase, lease or otherwise acquire, hold, operate or develop, sell, lease or otherwise dispose of real and personal property of every class and description, or any interest therein, and to any amount, in the State of Delaware or in any state or territory of the United States of America or in any foreign country, subject to the laws of any state, territory or foreign country.
- 7. To borrow money and contract debts for any of the purposes of the Corporation, and to issue bonds, debentures, notes or other securities or obligations of any nature for moneys so borrowed or in payment for property acquired, and to secure the payment thereof, or of any debt contracted for such purposes, by mortgage upon or pledge or conveyance or assignment in trust of the whole or any part of the property and franchises of the Corporation, real and personal, including securities and contract rights, whether at the time owned or thereafter acquired.
- 8. To transact its business and conduct its affairs, and to have one or more offices, so far as permitted by law, in the State of Delaware, in other states of the United States of America, in the District of Columbia, in any of the territories, districts, protectorates, dependencies or insular or other possessions of the United States of America, or in any foreign countries.
- 9. To acquire all or any part of the good will, rights, property, privileges, franchises and business of any other person, entity, partnership, association or corporation heretofore or hereafter engaged in any business similar to any business which the Corporation has power to conduct; to pay for the same in cash or in stock, bonds, debentures, notes or other securities or obligations of the Corporation or otherwise; to hold, utilize and in any manner dispose of the whole or any part of the rights and property so acquired, and to assume, in connection therewith, any liability of any such person, entity, partnership, association or corporation; and to conduct in any lawful manner the whole or any part of the business thus acquired.
- 10. To carry out all or any part of the foregoing purposes and objects as principal, factor, agent, contractor or otherwise, either alone or in conjunction with any person, firm, association or corporation; and, in carrying on its business and for the purpose of attaining or furthering any of its objects, to make and perform contracts of any kind and description, to guarantee any obligation for the payment of money or the payment of dividends on any stock or the performance of any contract, and generally to aid in any manner any person, corporation, partnership or individual in the welfare of which the corporation shall have any interest, and to do anything and everything necessary, suitable, convenient or proper for the accomplishment of any of the purposes or the attainment of any one or more of the objects herein enumerated or incidental to the powers herein specified, or which shall at any time appear conducive to or expedient for the accomplishment of any of the purposes or for the attainment of any of the objects hereinbefore enumerated, so far as, and to the extent and subject to compliance with such conditions and requirements, that the same may lawfully be done and performed by a corporation organized under the General Corporation Law of the State of Delaware, but not otherwise.

The foregoing clauses of this Article "THIRD" shall be construed as stating powers as well as objects and purposes, in furtherance and not in limitation of the general powers conferred upon the Corporation by the laws of the State of Delaware or of the United States, whether expressly or impliedly by reasonable construction of such laws, and whether the same be now or hereafter in effect. It is the intention that the objects, purposes and powers specified in each of said clauses shall be in no wise limited or restricted by reference to or inference from the terms of any other clause, but that the objects, purposes and powers specified in each of the clauses of this Article shall be regarded as independent objects, purposes and powers.

FOURTH: The total number of shares of stock which the Corporation is authorized to issue is two million (2,000,000) and the par value of each of such shares is one dollar (\$1.00).

At all elections of directors of the Corporation, each stockholder shall be entitled to as many votes as shall equal the number of his shares of stock multiplied by the number of directors to be elected and such stockholder may cast all of such votes for a single director or may distribute them among the number to be voted for or any two or more of them, as such stockholder may see fit.

FIFTH: The minimum amount of capital with which the Corporation will commence business is \$1,000.00.

SIXTH: The name and place of residence of each of the incorporators is as follows:

Name	Residence					
Charles N. Caldwell	160 Broadway, New York 7, N. Y.					
David H. Jackman	160 Broadway, New York 7, N. Y.					
Thomas A. McCarthy	160 Broadway, New York 7, N. Y.					

SEVENTH: The Corporation is to have perpetual existence.

EIGHTH: The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

NINTH: The following provisions are inserted for the management of the business and for the conduct of the affairs of this Corporation and for further definition, limitation and regulation of the powers of this Corporation and of its directors and its stockholders:

- 1. The number of directors of the Corporation shall be such as from time to time shall be fixed by, or in the manner provided for in the By-Laws, but shall not be less than three. In case of any increase in the number of directors, the additional directors may be elected by the Board of Directors or by the stockholders at an annual or special meeting, as shall be provided in the By-Laws. Election of directors need not be by ballot unless the By-Laws so provide. Directors need not be stockholders.
- 2. The Board of Directors shall have power to make, alter, amend and repeal the By-Laws of the Corporation, subject only to such limitations, if any, as the By-Laws may from time to time impose.
- 3. Subject to any provision of the By-Laws, the Board of Directors shall have power, from time to time, to determine whether, to what extent, at what times and places and under what conditions and regulations, the accounts, books and papers of the Corporation (other than the stock ledger), or any of them, shall be open to the inspection of stockholders; and no stockholder shall have any right to inspect any account, book or paper of the Corporation, except as conferred by statute or authorized by the By-Laws or by the Board of Directors.
- 4. No contract or other transaction between the Corporation and any other corporation shall be void or voidable because of the fact that any director of the Corporation is a director, officer, stockholder or creditor of such other corporation, if such contract or other transaction shall be approved or ratified by the affirmative vote of a majority of the directors present at a meeting of the Board of Directors or any committee of the Corporation having authority in the premises, who are not so interested. Any director, individually, or any firm of which any director is a partner, may be a party to or may be interested in any contract or other transaction of the Corporation, if such contract or other transaction will be approved or ratified by the affirmative vote of a majority of the directors present at a meeting of the Board of Directors or any committee of the Corporation having authority in the premises, who are not so interested. Nor shall any director be liable to account to the Corporation for any profit realized by him from or through any such contract or other transaction of the Corporation ratified or approved as aforesaid, by reason of his interest in such contract or other transaction. Directors so interested may be counted when present at meetings of the Board of Directors or of such committee for the purpose of determining the existence of a quorum. Any director whose interest in any such contract or other transaction arises solely by reason of the fact that he is a director, officer, stockholder or creditor of such other corporation, or solely by reason of the fact that he is a partner, officer or creditor of such firm, when such contract or other transaction is made or carried out by officers or employees of the Corporation in the ordinary performance of their duties and without the actual participation of such director, shall not be deemed interested in such contract or other transaction under any of the provisions of this subdivision (4),

nor shall any such contract or other transaction be void or voidable, nor shall any such director be liable to account because of such interest, nor need any such interest be disclosed.

- 5. Any contract, transaction or act of the Corporation or the Board of Directors or of any committee which shall be ratified by a majority of a quorum of the stockholders entitled to vote at any annual meeting, or at any special meeting called for the purpose, shall be as valid and binding as though ratified by every stockholder of the Corporation; provided, however, that any failure of the stockholders to approve or ratify such contract, transaction or act, when and if submitted, shall not of itself be deemed in any way to invalidate the same or to deprive the Corporation, its directors or officers, of their right to proceed with such contract, transaction or act.
- 6. The Board of Directors shall have power from time to time to fix and determine and to vary the amount to be reserved as working capital and, before the payment of any dividends or the making of any distribution of profits, it may set aside out of the net profits of the Corporation such sum or sums as it may, from time to time and in its absolute discretion, think proper as additional working capital, or to meet contingencies, or for such corporate purpose as the Board shall think conducive to the interests of the Corporation, subject only to such limitations, if any, as the By-Laws of the Corporation may from time to time impose.
- 7. The Board of Directors may appoint from among the directors an executive committee and such other committees as it may deem desirable and, to such extent as shall be provided by resolution of the Board of Directors and so far as may be permitted by law and subject to any provision of the By-Laws of the Corporation, may delegate to any such committee all or any of the powers of the Board of Directors, and any such committee shall have, and thereupon may exercise, all or any of the powers so delegated.
- 8. Any person made a party to any action, suit or proceeding by reason of the fact that he, his testator or intestate, is or was a director, officer, or employee of the Corporation or of any corporation which he served as such at the request of the Corporation, shall be indemnified by the Corporation against any and all reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of any such action, suit or proceeding, or in connection with any appeal therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such officer, director or employee is liable for negligence or misconduct in the performance of his duties. Such right of indemnification shall not be deemed exclusive of any other rights to which such director, officer or employee may be entitled apart from this provision. Any and all amounts payable by way of indemnity hereunder shall be determined and paid in such manner as may be provided in the By-Laws of the Corporation or by resolution of the Board of Directors or of the stockholders in a specific case.
- 9. In addition to the powers and authorities herein or by statute expressly conferred upon it, the Board of Directors is hereby empowered to exercise all such powers and to do all such acts and things as may be exercised or done by the Corporation, subject, however, to the provisions of the statutes of Delaware and of this Certificate of Incorporation, and to any By-Laws from time to time made by the stockholders and at the time in effect.

TENTE: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 3883 of the Revised Code of 1915 of said State, or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 43 of the General Corporation Law of the State of Delaware, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said Court directs. If a majority in number representing three-fourths in value of the creditors or

class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the Court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

ELEVENTH: The holders of shares of stock of this Corporation shall have no preemptive rights to subscribe to any issue of stock of the Corporation of any or all classes or to any other securities of the Corporation.

TWELFTH: The Corporation reserves the right to amend, alter, change, or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed by law and all rights conferred herein on stockholders are subject to this reserved power.

In witness whereof, we have hereunto set our hands and seals this 6th day of August, 1948.

In the presence of:

TERESA PERNETTI

CHARLES N. CALDWELL (L.S.)

DAVID H. JACKMAN (L. S.)

THOMAS A. MCCARTHY (L.S.)

STATE OF NEW YORK COUNTY OF NEW YORK SS:

BE It Remembered that on this 6th day of August, A. D., 1948, personally came before me, TERESA PERNETTI, , a Notary Public in and for the County and State aforesaid, CHARLES N. CALDWELL, DAVID H. JACKMAN and THOMAS A. McCARTHY, parties to the foregoing Certificate of Incorporation, known to me personally to be such, and severally acknowledged the said Certificate to be the act and deed of the signers respectively, and that the facts therein stated are truly set forth.

Given under my hand and seal of office the day and year aforesaid.

TERESA PERNETTI

TERESA PERNETTI NOTARY PUBLIC STATE OF NEW YORK

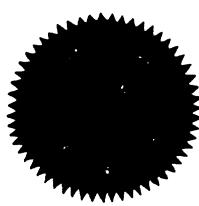
Teresa Pernetti
Notary Public in the State of New York
Residing in Kings County
Kings County Clerk's No. 189
Certificates Filed in N. Y. County No. 376
Commission Expires March 30, 1950



Office of Secretary of State.

Johnson J. Storey, Secretary of State of the State of Delaware, do hereby rertify that the above and foregoing is a true and correct copy of Certificate of Incorporation of the "AFFILIATED GAS EQUIPMENT, INC", as received and filed in this office the seventh day of August, A.D. 1948, at 9 o'clock A.M.

In Tratimony Uhrrrof, I have hereunto set my hand and official seal at Dover this twenty-eighth day of ______ December _____ in the years four Sord one thousand nine hundred and forty-eight.



DAY & MIGHT HAMUFACTURING COMPANY

CERTIFICATE OF ELECTION TO DISSOLVE

We. R. E. Reimer

WWW. vice-president), and

J. D. Mayson , secretary (excesses to except and a light MANUFACTURIES COMPANY, a corporation duly organized and existing under the laws of California, do hereby certify that by the Votes of the secretary holders of 53,875 shares out of a total of 53,875 shares outstanding and entitled to vote, representing at least fifty per cent (50%) of the voting power of the corporation filed with the Secretary of the corporation, the corporation has elected to wind up its affairs and voluntarily dissolve.

IN WITHERS WHEREOF, we have hereunto set our hands and affixed hereunto the corporate seal of said corporation this 17th day of January, 1949.

Freshing vice-president

J. S. Mayer

(CORPORATE SEAL)

FILED to the Secretary of State of the State of California

FRANK F. JORDAN, Secretary of a

-

STATE OF Onio)
COURT OF Cuyahoga)

On this 17th day of Jammary, in the year 1949, before me, a Motary Public in and for said county and state, duly commissioned and sworn, personally appeared R. E. REIMER and J. D. MAISON known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same as vice President and Secretary respectively of the corporation named therein.

IN VITNESS VHEREOF, I have hereunte set by hand and affixed my official seal, the day and year in this certificate first above written.

Betty Com Ullelian Botary Public

(SEAL)

BETTY AREA VIEWING, Notory Public My Commission Supines Sept. 23, 1949

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THY SHOOT OF THOMAN AND IN THOMAN A LACT

the directors of DAI & MIGHT MAULACTURING COMPANT, & California corpora-The underetgreed do hereby certify that they are a majority of

tion; and they forther certify and states

TREIT: That said corporation has been completely wound up.

corporation have been adequately provided for. Affiliated Gas Equipment, Inc., whose address is 17825 St. Clair Avenus, Cleveland, Ohio has assumed the payment of all said known debts and liabilities. SMOOTH That all the known debts and liabilities of the said

have been distributed All the known assets of the said corporation THIEDS

-itree eith between evad bengierebar edt ,TOEREN SEERTIN HI

. this . Trammer to wash !! aid; state:

G. D. Mayson

A Majority of the Directors of

LEB I I 1848 the Gallion of the Secretary of S of the State of California

FRANK IN JURDAN, Secretary

FILED

DAT & MIGHT MANUFACTURING CONPANT



























To the Creditors and Shareholders of DAY & MIGHT MANUFACTURING COMPANY, a California corporation:

Notice is hereby given that proceedings have been commenced for the winding up of the affairs and dissolution of said corporation pursuant to authorization by the holders of shares representing at least fifty percent (50%) of the voting power given on the 14th day of January 1949.

All creditors of said corporation are hereby requested to prement their claims at the office of the corporation, No. Shanrock Ave. at Duarte, Monrovia, California on or before the 17th day of Jan. 1949.

Dated at Cleveland, Ohio, Jamery 17, 1949.

DAY & MIGHT NAMUFACTURING COMPANY

Directors

_

TO STATE OHIO COURTY OF CUYAHOGA

On this 17th day of Jamary, in the year 1949, before me a Notary Public in and for said county and state duly commissioned and sworm, personally appeared. R. E. REIMER , R. L. ERUMMAGE J. D. MAYSON , known to me to be the persons whose names are subscribed to the within instrument, and severally acknowledged to me that they executed the same.

IN VITABLE VERREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

Betty Com Ulla-Betty At 1 Whater, Netary Public My Communical Laines Sept. 23, 2340

(SEAL)

Certified Copy CARRIER CORPORATION

LAFFILIATED GAS EQUIPMENT, INC. OUT

AGREEMENT OF MERGER

Pursuant to Section 251 of the
General Corporation Law
of the
State of Delaware

FILED

MAR 11 1955

FRANK M. TOWNAN, Secretary of State

By 162 A Sagrange of State

Approved: February 23, 1955

Filed and Recorded: February 28, 1955

AGREEMENT OF MERGER

AGREEMENT OF MERGER, dated as of January 28, 1955 between Carrier Corporation, a Delaware corporation, and a majority of the directors thereof and Affiliated Gas Equipment, Inc., a Delaware corporation, and a majority of the directors thereof (said corporations being hereinafter sometimes called "Carrier" and "AGE", respectively, and the "Constituent Corporations" collectively).

WHEREAS, Carrier is a corporation duly organized and existing under the laws of the State of Delaware, having an authorized capital stock consisting of 800,000 shares of Cumulative Preferred Stock (\$50 par value) none of which is issued and outstanding, and 5,000,000 shares of Common Stock (\$10 par value) of which not less than 1,464,463 shares are issued and outstanding in the hands of the public, not more than 63 are reserved for issuance upon exercise of outstanding scrip certificates, and none is held in the treasury of Carrier; and

WHEREAS, AGE is a corporation duly organized and existing under the laws of the State of Delaware, having an authorized capital stock consisting of 33,330 shares of \$3.00 Cumulative Preferred Stock (Par Value \$50.00) of which 33,090 shares are issued and outstanding in the hands of the public and 240 are held in the treasury of AGE, and 2,000,000 shares of Common Stock (Par Value \$1.00) of which 1,252,255 shares are issued and outstanding in the hands of the public and none is held in the treasury of AGE; and

WHEREAS, the Boards of Directors of the Constituent Corporations deem it advisable that said corporations merge and have duly approved the form of this Agreement of Merger;

Now, THEREFORE, in consideration of the premises and of the mutual agreements and covenants herein contained, it is agreed that AGE shall be and the same hereby is merged into Carrier, one of said Constituent Corporations, and Carrier shall be the surviving corporation under the name Carrier Corporation and that the terms and conditions of such merger and the mode of carrying the same into effect are and the same shall be as follows:

ARTICLE I

The certificate of incorporation of Carrier as in effect upon the merger becoming effective as herein provided shall remain the certificate of incorporation under which the business of Carrier Corporation, the surviving company (hereinafter sometimes called the "Company"), is to be conducted, subject nevertheless to amendment from time to time thereafter in the manner now or hereafter prescribed by law.

ARTICLE II

For all purposes of the laws of the State of Delaware, this Agreement and the merger herein provided for shall become effective and the separate existence of AGE, except in so far as it may be continued by statute, shall cease as soon as (a) this Agreement shall have been adopted, approved, signed and acknowledged in accordance with the laws of the State of Delaware and certificates of its adoption and approval executed in accordance with such laws and (b) this Agreement and such certificates shall have been filed in the office of the Secretary of State of Delaware and recorded in the office of the recorder of New Castle County, Delaware.

ARTICLE III

The manner and basis of converting the shares of the Constituent Corporations into shares of the Company upon this Agreement becoming effective, as provided in Article II hereof, shall be as follows:

- (a) Each share of Common Stock of Carrier shall remain unchanged.
- (b) Each share of \$3.00 Cumulative Preferred Stock of AGE issued and outstanding in the hands of the public, and all rights in respect thereof, shall be converted into one share of Cumulative Preferred

Stock, \$3 Series, of the Company, and each holder of shares of such stock of AGE, upon surrender to the Company or to its duly authorized agent for cancellation of one or more certificates representing such shares shall thereafter be entitled to receive one or more certificates representing the number of shares of such stock of the Company to which such holder is entitled as above provided. The terms and provisions of such Cumulative Preferred Stock, \$3 Series, other than those appearing in the certificate of incorporation of Carrier, are set forth in the Certificate of Designation relating to such Series on file in the office of the Secretary of State of the State of Delaware.

- (c) Each share of Common Stock of AGE, and all rights in respect thereof, shall be converted into (i) $\frac{1}{2}$ 0 th of one share of Cumulative Preferred Stock, $4\frac{1}{2}$ % Series, of the Company and (ii) $\frac{3}{2}$ 1 ths of one share of Common Stock of the Company, and each holder of shares of such stock of AGE, upon surrender to the Company or to its duly authorized agent for cancellation of one or more certificates representing such shares shall thereafter be entitled to receive one or more certificates representing the number of full shares of stock of the Company to which such holder is entitled. No fractional shares of Common Stock and Cumulative Preferred Stock, $4\frac{1}{2}$ % Series, of the Company shall be issued by the Company. The terms and provisions of such Cumulative Preferred Stock, $4\frac{1}{2}$ % Series, other than those appearing in the certificate of incorporation of Carrier, are set forth in the Certificate of Designation relating to such Series on file in the office of the Secretary of State of the State of Delaware.
- (d) Each share of \$3.00 Cumulative Preferred Stock of AGE held in the treasury of AGE shall be cancelled.
- (e) Until surrendered as above provided, each outstanding certificate which prior to the merger becoming effective represented shares of stock of AGE shall be deemed for all corporate purposes other than the payment of dividends to evidence ownership of the number of full shares of stock of the Company into which the same shall have been changed as provided above. Unless and until any such outstanding certificates of AGE shall be so surrendered, no dividend payable to the holders of record of stock of the Company as of any date subsequent to the effective date of this merger shall be paid to the holders of such outstanding certificates, but upon such surrender of any such outstanding certificate or certificates, there shall be paid to the record holder of the certificate or certificates of stock of the Company, into which such shares shall have been so changed, the amount of dividends which theretofore became payable with respect to such shares of stock of the Company.

ARTICLE IV

Upon this Agreement becoming effective, the assets and liabilities of AGE shall be taken up on the books of the Company at the amount at which they shall at that time be carried on the books of AGE, subject to adjustments necessary to conform to Carrier's accounting procedures.

ARTICLE V

On the effective date of this Agreement, (i) the Company shall possess all the rights, privileges, powers and franchises as well of a public as of a private nature and shall be subject to all the restrictions, disabilities and duties of AGE; (ii) the Company shall be vested with all property, real, personal and mixed, and all debts due to AGE on whatever account, as well for stock subscriptions as all other things in action or belonging to AGE; and (iii) all property, rights, privileges, powers and franchises of AGE shall be thereafter as effectually the property of the Company as they were of AGE but all rights of creditors and all liens upon any property of AGE shall be preserved unimpaired, limited in lien to the property affected by such liens immediately prior to the effective date of this Agreement, and all debts, liabilities and duties of AGE shall thenceforth attach to, and are hereby assumed by, the Company and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it.

AGE agrees that from time to time as and when requested by the Company, or by its successors or assigns, it will execute and deliver or cause to be executed and delivered all such deeds and other instruments, and

will take or cause to be taken such further or other action, as the Company may deem necessary or desirable, in order to vest in and confirm to the Company title to and possession of all the property, rights, privileges, powers, franchises and immunities of AGE and otherwise to carry out the intent and purposes of this Agreement.

In Witness Whereof, this Agreement has been signed by a majority of the directors of each of the Constituent Corporations and each of the Constituent Corporations has caused its corporate seal to be hereto affixed and attested by the signature of its Secretary or Assistant Secretary, all as of the day and year first above written.

Directors of:	Directors of:
CARRIER CORPORATION	Affiliated Gas Equipment, Inc.
ELLIOTT V. BELL	William J. Bailey, Jr.
Elliott V. Bell	William J. Bailey, Jr.
WILLIAM BYNUM	Francis H. Beam
William Bynum	Francis H. Beam
CLIFFORD HEMPHILL	Lyle C. Harvey
Clifford Hemphill	Lyle C. Harvey
H. FOLLETT HODGKINS	WILLIAM A. MCAFEE
H. Follett Hodgkins	William A. McAfee
may my braw	NORBERT A. McKenna
Max McGraw	Norbert A. McKenna
W. H. G. MURRAY	J FRENCE ROBINSON
W. H. G. Murray	J French Robinson
Cola G. Parker BAYARD F. POPE Bayard F. Pope	- [CORPORATE SEAL] Officeted Las Egus Carporate deal 194 Delaware Attest:
FREDERICK B. SCOTT	Attest:
Frederick B. Scott	JOHN A. WILSON
HERBERT E. SMITE	John A. Wilson Secretary
Herbert E. Smith	
Herman W. Steinkraus	
Herman W. Steinkraus	
CLOUD WAMPLER	
Cloud Wampler	· · · · · · · · · · · · · · · · · · ·
GARDNER SYMONDS	
Gardner Symonds	
[CORPORATE_SEAL]	Carrier Corporation Corporate Leal 1930 Delaware
Attest:	Corporate Seal 1930
Herman Seid	_ Delaware
Herman Seid	. .

Secretory

Certificate of the Secretary of CARRIER CORPORATION

RELATIVE TO VOTE OF STOCKHOLDERS

I, HERMAN SEID, Secretary of CARRIER CORPORATION, a corporation of the State of Delaware, HEREBY CERTIFY, as such Secretary and under the seal of that corporation, that the Agreement of Merger to which this Certificate is attached, after having been first duly signed by a majority of the directors of said corporation and by a majority of the directors of Affiliated Gas Equipment, Inc., a corporation of the State of Delaware. was duly submitted to the stockholders of said CARRIER CORPORATION at a special meeting of said stockholders called for the purpose of considering and taking action upon said Agreement of Merger and held after due notice on the 23rd day of February, 1955; that more than two-thirds of the total number of shares of the outstanding capital stock of Carrier Corporation was represented at said meeting, and that at said meeting the votes of the stockholders of said CARRIER CORPORATION representing more than two-thirds of the total number of shares of its outstanding capital stock were east by ballot in favor of the adoption of said Agreement of Merger, which Agreement of Merger was thereupon at said meeting duly adopted as the act of the stockholders of said CARRIER CORPORATION.

WITNESS my hand and seal of said CARRIER CORPORATION on this 23 day of February, 1955.

(SEN) Carrier Corporation Corporate Seal 1930 Delaware

(ogd.) HERMAN SEID Secretary

Certificate of the Secretary of AFFILIATED GAS EQUIPMENT, INC.

RELATIVE TO VOTE OF STOCKHOLDERS

I, John A. Wilson, Secretary of Affiliated Gas Equipment, Inc., a corporation of the State of Delaware, hereby certify as such Secretary and under the seal of that corporation, that the Agreement of Merger to which this certificate is attached, after having been duly signed by a majority of the directors of said corporation and by a majority of the directors of CARRIER CORPORATION, a corporation of the State of Delaware, was duly submitted to the stockholders of said Affiliated Gas Equipment, Inc. at a special meeting of said stockholders called for the purpose of considering and taking action upon said Agreement of Merger and held after due notice on the 23rd day of February, 1955; that more than two-thirds of the total number of shares of the outstanding stock of Affiliated Gas Equipment, Inc. was represented at said meeting; and that at said meeting the votes of the stockholders of said Affiliated Gas Equipment, Inc. representing more than two-thirds of the total number of shares of its outstanding Common Stock and two-thirds of the outstanding shares of its \$3.00 Cumulative Preferred Stock, each voting as a class, were cast by ballot in favor of the adoption of said Agreement of Merger, which Agreement of Merger was thereupon at said meeting duly adopted as the act of the stockholders of said Affiliated Gas Equipment, Inc.

WITNESS my hand and seal of said Affiliated Gas Equipment, Inc. on this 23rd day of February, 1955.

(sgd.) John A. Wilson Secretary

Offiliated Has Equipment, Inc. Corporate Seal 1945 Delaware

The foregoing Agreement of Merger having been duly executed by a majority of the directors of each of the corporations, parties thereto, and the said corporations having caused their respective corporate seals to be thereunto affixed and attested by their respective secretaries, and the said Agreement having been adopted by the stockholders of Carrier Corporation, a Delaware corporation, in accordance with the laws of the State of Delaware, and adopted by the stockholders of Affiliated Gas Equipment, Inc., a Delaware corporation, in accordance with the laws of the State of Delaware, the President and Secretary of each of said corporations do now execute this Agreement of Merger under the respective seals of said corporations by the authority of the directors and stockholders of each, as the act, deed and agreement of said corporations, this 23 day of February, 1955.

Carrier Corporation Corporate Seal 1930 CARRIER CORPORATION CLOUD WAMPLER President (sed.) HERMAN SEID (Seas) Secretary Attest: (sgd.) HERMAN SEID Secretary. Offiliated Las Equipment, Inc. Applicated Gas Equipment, Inc. Corporate Seal 1948 (sgd.) Lyle (sgd.) LYLE C. HARVEY President (egd.) JOHN A. WILSON (SEAL) Secretary Attest: (egd.) JOHN A. WILSON Secretary. STATE OF NEW YORK COUNTY OF ONONDAGA \$5.:

BE IT REMEMBERED that on this 23 day of February, A. D. 1955, personally came before me James Harrison Greene, a Notary Public in and for the county and state aforesaid, Cloud Wampler, President of Carrier Corporation, a corporation of the State of Delaware and one of the corporations described in and which executed the foregoing Agreement of Merger, known to me personally to be such, and he, the said Cloud Wampler, as such President duly executed said Agreement of Merger before me and acknowledged said Agreement of Merger to be the act, deed and agreement of said Carrier Corporation, that the signatures of the said President and the Secretary of said Corporation to said foregoing Agreement of Merger are in the handwriting of the said President and Secretary of said Carrier Corporation, and that the seal affixed to said Agreement of Merger is the common corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year aforesaid.

(sgd.) James Harrison Greene
Notary Public

(SEAL)

James Harrison Greene notary Public Onordaga Co., n.y. James Harrison Greene
Notary Public in the State of New York
Qualified in Onon. Co. No. 34-6652000
My Commission Expires March 30, 1956

STATE OF OBIO,
COUNTY OF CUYABOGA, 84.:

BE IT REMEMBERED that on this 23rd day of February, A. D. 1955, personally came before me ELAINE M. SWAIN, a Notary Public in and for the county and state aforesaid, Lyle C. Harvey, President of Affiliated Gas Equipment, Inc., a corporation of the State of Delaware and one of the corporations described in and which executed the foregoing Agreement of Merger, known to me personally to be such, and he, the said Lyle C. Harvey, as such President duly executed said Agreement of Merger before me and acknowledged said Agreement of Merger to be the act, deed and agreement of said Affiliated Gas Equipment, Inc., that the signatures of the said President and the Secretary of said corporation to said foregoing Agreement of Merger are in the handwriting of the said President and Secretary of said Affiliated Gas Equipment, Inc., and that the seal affixed to said Agreement of Merger is the common corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year aforesaid.

Notarial Seal Cuyahaga County, Ohio

(sgd.) ELAINE M. SWAIN
Notary Public.

Elaine M. Swain, Notary Public My Commission Expires Aug. 8, 1955



John N. McDowell, Secretary of State of the State of Delaware, do hereby certify that the above and foregoing is a true and correct copy of Certificate of Agreement of Merger between the "CARRIER CORPORATION" and "AFFILIATED GAS EQUIPMENT, INC.", under the name of "CARRIER CORPORATION", as received and filed in this office the twenty-eighth day of February, A.D. 1955, at 4:30 o'clock P.M.

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Secretary of S	U		
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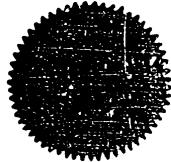


State

Office of SECRETARY OF STATE

J. Glenn C. Kenton Secretary of State of the State of Delaware, that the Certificate of Merger of the "CARRIER CORPORATION", do hereby certify merging with and into the "UNITED TECHNOLOGIES HOLDING CORPORATION", under the name of "Carrier Corporation", was received and filed in this office the sixth day of July, A.D. 1979, at 3:53 o'clock P.M.

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esand nine hundred	•	nty-nine.



Mem C. Kanfon

Statement and Designation by Foreign Corporation

FILED
In the office of the Secretary of State
of the State of California

JUN271979

MARCH FONG EU, Secretary of State

By

Daputy

922837

(Name of Corp.	ES HOLDING CORPORATION oration)
a corporation organized and existing under the laws of	Delaware (Place or State of incorporation)
makes the following statements and designation:	
1. The address of its principal executive office is	Carrier Tower, 120 Madison St.,
P.O. Box 4800, Syracuse, New York 132 (Insert complete address of principal executive office w	herever located - Do not use Post Office Box)
2. The address of its principal office in the State of	California is 700 South Flower Street,
Los Angeles, California 90017 c/o C	T Corporation System
3. (Use this paragraph if the process agent is a natur	
natural person residing in the State of California, who	se complete [] business [] residence address is
(Do not use Post	office box)
s designated as its agent upon whom process directed to California in the manner provided by law.	the corporation may be served within the State of
NOTE: Either the business address or the residence add in proper box.	ress must be given. Indicate which by check mark

FORM TO BE COMPLETED ON REVERSE SIDE

(CALIF. - 1934 - 1/1/77) SEC/STATE FORM LL-8 4. (Use this paragraph if the process agent is a corporation. See instructions)

C T CORPORATION SYSTEM	
organized and existing under the laws of	DELAWARE

is designated as agent upon whom process directed to the undersigned corporation may be served within the State of California, in the manner provided by law.

NOTE: Before it may be designated by any foreign corporation as its agent for service of process, a corporate agent must comply with Section 1505, California Corporations Code. (See instruction 2.)

5. The undersigned corporation hereby irrevocably consents to service of process directed to it upon the agent designated above, and to service of process on the Secretary of State of State of California if the agent so designated or the agent's successor is no longer authorized to act or cannot be found at the address given.

UNITED TECHNOLOGIES MOLDING CORPORATION

(Signature of corporate officer)

Edward W. Large - Vice President
(Typed name and title of officer signing)

INSTRUCTIONS:

- 1. There must be annexed to this statement, a certificate by an authorize i public official of the state or place of incorporation of the corporation, to the effect that the corporation making the statement is an existing corporation in good standing in that state or place. IF A NONPROFIT CORPORATION IS TO BE QUALIFIED, the certificate must also indicate that the corporation is a nonstock, nonprofit corporation.
- 2. No domestic corporation may be designated as agent for service of process unless it has filed with the Secretary of State the certificate provided for by Section 1505. Corporations Code, and no foreign corporation may be designated unless it has qualified for the transaction of intrastate business in California and has filed with the Secretary of State of the State of California the certificate provided for by Section 1505. California Corporations Code. A domestic or foreign corporation must be currently authorized to engage in business in this State and be in good standing status on the records of the Secretary of State of the State of California, in order to file a certificate pursuant to this section.

NOTE: A CORPORATION CANNOT ACT FOR ITSFLF AS AGENT FOR SERVICE OF PROCESS.

- 3. If a corporation is required to qualify under a D.B.A. (name other than the true corporate name) pursuant to Section 2106(b), Corporations Code, then in the first line of this statement set out the correct corporate name, followed by "which will do business in California as "setting forth the D.B.A. in the space indicated. The D.B.A. should not be set out in connection with the corporate name anywhere else in the statement.
- 4. If the corporation changes its name or if there are any charges in the information contained in this statement, then the corporation must file an Amended Statement and Designation. A form may be obtained from the Secretary of State.



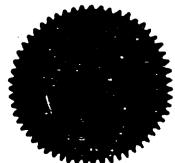
State of DELAWARE

Office of SECRETARY OF STATE

J. Glenn C. Kenton Secretary of State of the State of Delaware, do hereby certify that the Certificate of Incorporation of the "UNITED TECHNOLOGIES HOLDING CORPORATION", was received and filed in this office the twelfth day of December.

A.D. 1978, at 10 o'clock A.M.

And I do hereby further certify that the aforesaid Corporation is duly incorporated under the laws of the State of Delaware and is in good standing and has a legal corporate existence so far as the records of this office show and is duly authorized to transact business.



Glenn C Kenton. Secretary of State

Aleun C. Kanton

FORM 122

CONSENT TO USE OF NAME

ON
ON
-

Attest:

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(SEAL)

IGENERAL - 500 - 1/1/73

A21170.1

FILED
In the office of the Secretary of State
of the Secretary of State
DEC 1 4 1979

NARCH FORG EU. Secretary of State

DEDATY

Amended Statement and Designation by Foreign Corporation

CARRIER CORPORATION a corporation
organized and existing under the laws of Delaware
and which is presently qualified for the
transaction of intrastate business in the State of California, makes the following statements and/or
designation:
1. That the name of the corporation has been changed to that hereinabove set forth and that the name
relinquished at the time of such change was UNITED TECHNOLOGIES HOLDING CORPORATI
2. That the location and address of its principal executive office has been changed and the new location and address of its principal executive office is NO CHANGE
(Insert complete address of principal executive office wherever located - Do not use post office box)
3. That the location and address of its principal office in the State of California has been changed to
NO CHANGE
(Insert complete address of principal office in California - Do not use post office box)
4. The address of the individual agent designated for the service of process in the State of California has
been changed to
(Do not use post office box)

Ok)

5. (Use this paragraph if the new process agent designated hereby is a natural person.)
the State of California, whose complete D business D residence address is
(Do not use post office box)
is hereby designated as its new agent upon whom process directed to the corporation may be served within
the State of California. in the manner provided by law.
(Note: Either the business address or the residence address must be given. Indicate which by check merk in proper hox.)
6. (Use this paragraph if the new process agent designated hereby is a corporation. See instructions.
The name of its new agent upon whom process directed to the undersigned may be served within the State of California is NO CHANGE
A certificate in compliance with Section 1505 of the California Corporations Code has been filed by said corporate agent.
CARRIER CORPORATION (Name of Corporation)
By Walter G. Iles (Title) Vice President

INSTRUCTIONS

- 1. This form is for use by a foreign corporation. Included in the definition "foreign corporation" is a "foreign association" which is defined as "a business association organized as a trust under the laws of a foreign jurisdiction."
 - 2. Use only whichever of the foregoing paragraphs of this Amended Statement are applicable
- 3. If this Amended Statement shows a change of corporate name, there must be attached to this Amended Statement a certificate of the public officer having custody of the original corporation documents in the state or place of incorporation to the effect that such change of name was made in accordance with the laws of the state or place of incorporation. In the case of a change of name by a foreign association there must be attached to this amended statement an officers' cartificate stating that such change of name was made in accordance with its declaration of trust.

EXHIBIT 1.(4)

DEPARTMENT OF STOCK LIST NEW YORK STOCK EXCHANGE

A-13179

Till

AFFILIATED GAS EQUIPMENT, INC. SECURITIES & EXCHANGE COMMIS

RECEIVED

(with or without Non-Detachable Common Stock Purchase Warrants)

\$1 Par Value

ZIND MAIL DOCKET, MAIL & FILES Cleveland 10, Ohio, February 25, 1949.

Affiliated Gas Equipment, Inc., a Delaware corporation (hereinafter called the "Corporation"), hereby applies for listing on the New York Stock Exchange of:

40,000 shares of \$3.00 Cumulative Preferred Stock, par value \$50 per share, with or without Non-Detachable Common Stock Purchase Warrants attached (hereinafter sometimes called "Preferred Stock"), all of which are issued and outstanding:

1,004,250 shares of Common Stock, par value \$1 per share, all of which are issued and outstanding:

40,000 shares of Common Stock, par value \$1 per share, on official notice of issuance, upon the exercise of the Non-Detachable Common Stock Purchase Warrants attached to certificates for Preferred Stock; and

20,750 shares of Common Stock, par value \$1 per share, on official notice of issuance, on purchase by officers, directors, or employees pursuant to the Corporation's Stock Purchase Plan,

making the total amount applied for:

40,000 shares of such Preferred Stock, and 1,065,000 shares of such Common Stock.

Reference is made to the Corporation's Prospectus, issued under date of January 13, 1949, in connection with the sale of shares of Preferred Stock with Non-Detachable Common Stock Purchase Warrants attached and Common Stock, and such Prospectus is incorporated herein and made a part hereof and referred to for additional information required in connection with this listing application.

AUTHORIZATION FOR ISSUANCE

The Board of Directors of the Corporation, at a meeting held on January 5, 1949, authorized the issuance and sale to Underwriters of 40,000 shares of Preferred Stock with Non-Detachable Common Stock Purchase Warrants attached and 1,000,000 shares of Common Stock. At such meeting, the Board of Directors also authorized the reservation of 40,000 shares of Common Stock for issuance upon the exercise of the Non-Detachable Common Stock Purchase Warrants attached to certificates for Preferred Stock and the reservation of 25,000 shares of Common Stock for issuance and sale pursuant to the Corporation's Stock Purchase Plan. No other authority is required.

OPINION OF COUNSEL

Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, of Cleveland, Ohio, general counsel for the Corporation, have given their opinion that the Corporation is a corporation duly organized and existing under the laws of the State of Delaware; that the 40,000 shares of Preferred Stock and 1,004,250 shares of Common Stock have been duly authorized and are validly issued, fully paid and non-assessable; that the Non-Detachable Common Stock Purchase Warrants attached to certificates for Preferred Stock are valid obligations of the Corporation in accordance with their terms; that the 40,000 shares of Common Stock reserved for issuance upon the exercise of the Non-Detachable Common Stock Purchase Warrants attached to certificates for Preferred Stock have been duly authorized and when issued in accordance with the terms of such Warrants will be validly issued, fully paid and non-assessable; that the 20,750 shares of Common Stock reserved for sale to officers, directors or employees pursuant to the Corporation's Stock Purchase Plan, have been duly authorized and when issued in accordance with such Stock Purchase Plan, will be validly issued, fully paid and non-assessable; and that under the laws of Delaware, where the Corporation is incorporated, or the laws of Ohio, where the Corporation's principal place of business is located, the holders of such shares of Preferred Stock or of Common Stock will not be subject to personal liability by reason of being such holders.

A-18179 AFFILIATED GAS EQUIPMENT. INC. - PAGE TWO

The management intends to nominate Mr. William A. McAfee, a partner of Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, for election as a director of the Corporation at the next annual meeting of stockholders to be held on May 9, 1949 and, if permissible under the laws of the State of Delaware, Mr. McAfee may be elected by the Board of Directors at an earlier date to serve until such annual meeting. Reference is made to the statements in this regard on page 18 of the Prospectus.

REGISTRATION UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

An application to the Securities and Exchange Commission on Form 10 for the permanent registration on the New York Stock Exchange of 40,000 shares of Preferred Stock and 1,065,000 shares of Common Stock of the Corporation in accordance with the provisions of the Securities Exchange Act of 1934, as amended, is being filed with the Securities and Exchange Commission concurrently herewith.

REGISTRATION UNDER THE SECURITIES ACT OF 1933. AS AMENDED

The shares of Preferred Stock and Common Stock of the Corporation for the listing of which application is hereby made are covered by a Registration Statement on Form S-1 (Registration No. 2-7767) filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, which Registration Statement became effective on January 11, 1949.

AFFILIATED COMPANIES

The Corporation has no subsidiaries.

Based on information available to the Corporation, there is no Corporation, individual or other entity, which owns, directly or indirectly, ten per cent. or more of the voting stock of the Corporation.

STOCKHOLDER RELATIONS

Each stockholder of the Corporation will receive an annual report which includes financial statements. In addition, the Corporation will publish quarterly interim statements of earnings and intends to mail, from time to time, to each stockholder matters of interest which describe the activities of the Corporation, improvements to plant, Corporation's products and other developments of general interest to stockholders.

For each meeting of the stockholders, the Corporation will send to each stockholder a notice of meeting, a proxy statement setting forth pertinent data with respect to matters to be acted upon at the meeting and a form of proxy enabling the stockholder to vote by proxy if he is unable to attend the meeting in person.

Dividend actions by the Board of Directors are to be released to the press as soon as taken. Other press releases are to be made from time to time relating to the Corporation, its activities and its products, when, in the judgment of the management, such releases are appropriate.

Correspondence from stockholders is answered by the Secretary of the Corporation unless directed to a particular office or individual, in which case it is customarily answered by the person addressed. No outside public relations counsel is now retained to handle such correspondence.

FINANCIAL INFORMATION

Reference is made to the tabulation on page 5 of the Prospectus of the combined net sales and operating results, for the twelve-year and ten-month period ended October 31, 1948, of Bryant Heater Company and Day & Night Manufacturing Company and for the twelve-year and seven-month period ended October 31, 1948, of Payne Furnace Company (including a predecessor company), whose assets were acquired by the Corporation on January 12, 1949.

Attention is called to the fact that the Corporation on January 11, 1949 issued to Bryant Heater Company, Day & Night Manufacturing Company and Payne Furnace Company demand notes for an aggregate sum of \$10,870,000 and assumed all liabilities of such companies, subject to certain exceptions set forth in the respective agreements of sale, as consideration for all of the assets of such companies (see captions "The Company" and "Application of Proceeds" on pages 3 and 4 of the Prospectus), and on January 18, 1949 issued \$4,000,000 principal amount of 4% Fifteen-year Sinking Fund Notes, due February 1, 1964 (see captions "Capitalization and Funded Debt" and "Description of Funded Debt" on page 3 and pages 21 through 23, respectively, of the Prospectus). The aforesaid demand notes were paid in full on January 18, 1949 out of the total net proceeds of the sale on that date of the 40,000 shares of Preferred Stock with warrants attached and 1,000,000 shares of Common Stock, for the listing of which application is hereby made, and out of approximately \$1,250,000 of the proceeds of such Sinking Fund Notes. The annual interest requirement on the Sinking Fund Notes and the annual dividend requirement on the Preferred Stock will amount to \$160,000 and \$120,000, respectively. Such annual requirements will be reduced in the event of payments on account of the principal of the Sinking Fund Notes or the redemption of shares of Preferred Stock by amounts proportionate to the principal amount paid on such Sinking Fund Notes or to the number of shares of Preferred Stock redeemed.

AFFILIATED GAS EQUIPMENT, INC. - PAGE THREE

BUSINESS. FINANCIAL AND ACCOUNTING POLICIES

AUDIT PROCEDURE:

The independent public accountants for the Corporation are Ernst & Ernst. The accountants will be elected by the Corporation's Board of Directors at annual meetings thereof, and they will report directly to the Board of Directors. They will make periodic audits and will have authority to examine all records and supporting evidence. Representatives of that firm will be free to but will not ordinarily attend stockholders' meetings.

The Corporation's chief accounting officer, Philip W. Scott, Secretary-Treasurer, is elected by the Board of Directors. He has authority to perform all acts usually incident to the position of Secretary-Treasurer, including the keeping of full and accurate account of moneys received and paid by him. The Secretary-Treasurer is subject to the control of the Board of Directors to whom he reports. He ordinarily attends meetings of the Board of Directors.

DEPRECIATION:

Provisions for depreciation are computed on the "straight-line" method and on the basis of the estimated service lives, principally as to each individual asset or group of assets, with the result that varying rates are applied to assets of a similar character but having different remaining lives. The more important classes and average estimated lives are as follows:

Asset Classification	Estimated Life (Years)
Land Improvements	10
Buildings	20 - 331/5
Machinery and Equipment	. 10 - 15
Patterns	4 - 10
Factory Equipment	10 - 15
Dies, Jigs and Fixtures	4 - 63/3
Office Furniture and Fixtures	
Office Machines	
Automotive Equipment	
Canteen Equipment	5 - 10
Factory Equipment - Short Life	. 3-63/3
Small Tools	

LEARER :

The business of the Corporation is carried on principally upon premises owned in fee. It is anticipated that total rentals will be paid for the year 1949 in the approximate amount of \$125,000. Of this amount, \$25,000 will be paid as rental for the Tyler, Texas plant of the Bryant Heater Division, and \$35,000 will be paid for the London Road plant of the Bryant Heater Division.

COMMITMENTS:

It is the policy of the Corporation to make purchase commitments based principally upon customers' orders, releases and commitments for materials required for their products. In the opinion of the Corporation, its commitments are not made to an extent which may materially affect its financial position.

In the normal course of business, it is not anticipated that the Corporation will need to expand working capital through short-term loans.

VALUATION OF INVENTORIES AND METHOD OF COMPUTING COST OF GOODS SOLD:

Inventories used (1) in the computation of cost of goods sold and (2) for balance sheet purposes are stated generally on the basis of average cost (not in excess of replacement market.) The method of adjusting inventories has not been determined.

CONSOLIDATION:

The Corporation has no subsidiaries.

AGREEMENTS

Nothing in the following Agreements shall be so construed as to require the Company to do any acts in contravention of law or in violation of any rule or regulation of any public authority exercising jurisdiction over the Company.

AFFILIATED GAS EQUIPMENT, INC.. (hereinsfter called "the Corporation"), in consideration of the listing of the securities covered by this application, hereby agrees with the NEW YORK STOCK EXCHANGE (hereinsfter called "the Exchange"), as follows:

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- 1. The Corporation will promptly notify the Exchange of any change in the general character or nature of its business.
- 2. The Corporation will promptly notify the Exchange in the event that it or any company controlled by it shall dispose of any property or of any stock interest in any of its subsidiary or controlled

companies, when the disposal thereof will materially affect the financial position of the Corporation or the nature or extent of its operations.

- 3. The Corporation will promptly notify the Exchange of any change in, or removal of, collateral deposited under any mortgage or trust indenture, under which securities of the Corporation have been issued and are listed on the Exchange.
- 4. The Corporation will forward to the Exchange copies of all notices mailed by the Corporation to its stockholders with respect to amendments to its Certificate of Incorporation, and will file with the Exchange two copies of the amended Certificate of Incorporation of the Corporation, or resolutions of Directors in the nature of amendments (one of which will be certified) as soon as such amendments shall have become effective, and the Corporation will file with the Exchange two copies of all amendments to the Ity-Laws of the Corporation (one of which will be certified) as soon as such amendments shall have become effective.
- 5. In the event of the issuance by the Corporation of any options or warrants to purchase any stock of the Corporation, the Corporation will promptly notify the Exchange (a) of the number of shares covered by such options or warrants, of the terms thereof and of the time within which they may be exercised, and (b) of any subsequent change in, or cancellation or exercise of, such options or warrants; and the Corporation will include like information as to all such options or warrants then outstanding in all its financial reports to its stockholders and in all of its formal published reports.
- 6. In the event that any previously issued and listed stock of the Corporation is reacquired or disposed of, directly or indirectly, for the account of the Corporation, the Corporation will notify the Exchange within the first ten (10) days of the succeeding month of all transactions during the previous month in stock so reacquired or disposed of and will report the total number of shares of such stock so held by it at the end of such previous month.
- 7. The Corporation will not without the prior approval of the Exchange purchase, directly or indirectly, any of its securities listed on the Exchange at a price in excess of that at which the securities so purchased might then be obtained in the open market.
- 8. The Corporation will not without the prior approval of the Exchange select any of its listed securities for redemption otherwise than pro rata or by lot; and the Corporation will notify the Exchange at least fifteen (15) days in advance of any redemption and will promptly furnish to it any information requested in reference to such redemption.
- 9. The Corporation will promptly notify the Exchange of any corporate action which will result in the redemption, cancellation or retirement, in whole or in part, of any security of the Corporation listed on the Exchange and will notify the Exchange as soon as the management of the Corporation has notice of any other action which will result in any such redemption, cancellation or retirement.
- 10. If at any time the stock certificates of the Corporation do not recite the preferences of all classes of its stock, it will furnish to its stockholders, upon request and without charge, a printed copy of preferences of all classes of such stock.
- 11. The Corporation will furnish to the Exchange on demand such information concerning the Corporation as the Exchange may reasonably require.
- 12. The Corporation will not make any change in the form or nature of any of its securities that are listed on the Exchange or in the rights or privileges of the holders thereof, without having given twenty days' prior notice to the Exchange of the proposed change and having made application for the listing of the securities as changed, if the Exchange shall so require.
- 13. The Corporation will make application to the Exchange for the listing of additional amounts of listed securities sufficiently prior to the issuance thereof to permit action in due course upon such application.

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1. The Corporation will publish at least once in each year and submit to its stockholders at least fifteen days in advance of the annual meeting of such stockholders and not later than three months after the close of the last preceding fiscal year of the Corporation a Balance Sheet as of the end of such stock; or, in lieu thereof, eliminating all intercompany transactions, a Consolidated Balance Sheet of the Corporation and its subsidiaries as of the end of its last previous fiscal year, and a Consolidated Surplus Statement and a Consolidated Income Statement of the Corporation and its subsidiaries for such fiscal year. If any such consolidated statement shall exclude corporations a majority of whose equity stock is owned directly or indirectly by the Corporation: (a) the caption of, or a note to, such statement will show the degree of consolidation; (b) the Consolidated Income Account will reflect, either in a footnote or otherwise, the parent company's proportion of the sum of, or difference between. Current Earnings or Losses and the dividends of such unconsolidated subsidiaries for the period of the report, and (c) the Consolidated Balance Sheet will reflect, either in a footnote or otherwise, the extent to which the equity of the parent company in such subsidiaries has been increased or diminished since the date of acquisition as a result of profits, losses and distributions.

AFFILIATED GAS EQUIPMENT, INC. - PAGE FIVE

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Appropriate reserves, in accordance with good accounting practice, will be made against profits arising out of all transactions with unconsolidated subsidiaries in either parent company statements or consolidated statements.

Such statements will reflect the existence of any default in interest, cumulative dividend requirements, sinking fund or redemption fund requirements of the Corporation and of any controlled corporation, whether consolidated or unconsolidated.

- 2. All financial statements contained in annual reports of the Corporation to its stockholders shall be audited by independent public accountants qualified under the laws of some state or country and shall be accompanied by a copy of the certificate made by them with respect to their audit of such statements showing the scope of such audit and the qualifications, if any, with respect thereto.
- 3. All financial statements contained in annual reports of the Corporation to its stockholders shall be in the same form respectively, as agreed upon with the Exchange, and shall disclose any substantial item of an unusual or non-recurrent nature.
- 4. The Corporation will publish such periodical interim statements of earnings as it shall agree upon with the New York Stock Exchange. Such interim statements of earnings will show net profits on the basis of the same degree of consolidation as in the annual report and after Depreciation, Depletion, Normal Income Taxes and Interest, estimating the proportionate amount of these items as accurately as may be if not finally determined, and will disclose any substantial item of an unusual or non-recurrent nature.
- 5. The Corporation will not make, nor will it permit any subsidiary directly or indirectly controlled by it to make, any substantial charges against capital surplus, without notifying the Exchange. If so requested by the Exchange, the Corporation will submit such charges to stockholders for approval or ratification.
- 6. The Corporation will not make any substantial change, nor will it permit any subsidiary directly or indirectly controlled by it to make any substantial change in accounting methods, or in policies as to depreciation and depletion, or in bases of valuation of inventories or other assets, without notifying the Exchange and disclosing the effect of any such change in its next succeeding interim and annual report to its stockholders.

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- 1. The Corporation will maintain in accordance with the rules of the Exchange:
- (a) An office or agency in the Borough of Manhattan, in the City of New York, where the principal of and interest on all bonds of the Corporation listed on the Exchange shall be payable and where any such bonds which are registerable as to principal or interest may be registered; and
- (b) A transfer office or agency in the Borough of Manhattan, in the City of New York, where all stock of the Corporation listed on the Exchange shall be directly transferable and where dividends and all other payments with respect to such stock shall be payable; and
- (c) A registry office, other than its transfer office, in the Borough of Manhattan, in the City of New York, south of Chambers Street, where all stock of the Corporation listed on the Exchange may be registered.

If at any time the transfer office or agency of the Corporation shall be located north of Chambers Street, the Corporation will arrange, at its own cost and expense, that its registry office, or some other suitable office satisfactory to the Exchange and south of Chambers Street, will receive and redeliver all securities there tendered for the purpose of transfer.

- If the transfer books of the Corporation should be closed permanently, the Corporation will continue to split up certificates for its stock which at the time shall be listed on the Exchange into certificates of smaller denominations in the same name so long as such stock shall be retained upon its list by the Exchange.
- 2. The Corporation will not add to the number of its transfer agencies nor make any change of a transfer agency or of a trustee or fiscal agent of any securities of the Corporation listed on the Exchange, without prior notice to the Exchange, and the Corporation will not add to the number of registrars of its stock which at the time shall be listed on the Exchange, nor change a registrar of such stock without the prior approval of said Exchange; nor will the Corporation select an officer or director of the Corporation as a trustee of a mortgage or other security of the Corporation listed on the Exchange.
- The Corporation will have on hand at all times a sufficient supply of certificates to meet the demands for transfer.
- 4. The Corporation will give the Exchange at least ten days' notice in advance of the closing of the transfer books, or of the taking of a record of its stockholders for any purpose.





5. The Corporation will publish promptly to the holders of any of its securities listed on the Exchange any action taken by the Corporation with respect to dividends or to the allotment of rights to subscribe or to any rights or benefits pertaining to the ownership of its securities listed on the Exchange; and shall give prompt notice to the Exchange of any such action; and shall afford the holders of its securities listed on the Exchange a proper period within which to record their interests and to exercise their rights; and shall issue all such rights in form approved by the Exchange and will make the same transferable, payable and deliverable in the Borough of Manhattan in the City of New York.

GENERAL INFORMATION

The fiscal year of the Corporation ends on the 31st day of December.

The principal business address of the Corporation is 17877 St. Clair Avenue, Cleveland 10, Ohio. Its statutory address is 129 South State Street, Dover, Delaware.

The Corporation's By-laws provide that the Annual Meeting of stockholders shall be held at the office of the Corporation in the City of Cleveland, in the State of Ohio, but that other meetings of stockholders may be held at such place or places as may be determined from time to time by the Board of Directors. The Annual Meeting of stockholders for the election of directors and the transaction of other business shall be held on the second Monday in May, in each year, at 2 P.M. o'clock. If this date shall fall upon a legal holiday, the meeting shall be held on the next succeeding business day. A written or printed notice, stating the pisce and time of the Annual or Special Meeting, and the general nature of the business to be considered, shall be given by the Secretary of the Corporation to each stockholder entitled to vote thereat at his last known post office address, at least twenty (20) days and not more than forty (40) days before the meeting. No change of the time and place of a meeting for the election of directors, as fixed by the By-laws, shall be made within sixty (60) days next before the day on which such election is to be held. In case of any change in such time or place for such election of directors, notice thereof shall be given to each stockholder entitled to vote, in person, or by letter mailed to his last known post office address, twenty (20) days before the election is held. Any number of stockholders together holding a majority of the stock issued and outstanding entitled to vote, who shall be present in person or represented by proxy at any meeting duly called, shall constitute a quorum for the transaction of business. If less than a quorum is present or represented at any meeting, a majority of the stockholders present or represented and entitled to vote may adjourn the meeting from time to time. If notice of such adjourned meeting is sent to the stockholders entitled to receive the same, such notice also containing a statement of the purpose of the meeting and that the previous meeting failed for lack of a quorum and that pursuant to the By-laws of the Corporation it is proposed to hold the adjourned meeting with a quorum of those present, then any number of stockholders, in person or by proxy, shall constitute a quorum at such meeting unless otherwise provided by statute.

The Transfer Agent of the \$3.00 Cumulative Preferred Stock and the Common Stock and the Agent for the Non-Detachable Common Stock Purchase Warrants attached to certificates of Preferred Stock is The New York Trust Company, 100 Broadway, New York 15, New York.

The Registrar of the \$3.00 Cumulative Preferred Stock and the Common Stock is Bankers Trust Company, 16 Wall Street, New York 15, New York.

AFFILIATED GAS EQUIPMENT, INC.

By L. C. HARVEY
President

March 10, 1949

The New York Stock Exchange hereby authorizes the listing of the above-mentioned 40,000 shares of \$3.00 Cumulative Preferred Stock, with or without Non-Detachable Common Stock Purchase Warrants attached.

The Exchange also authorizes the listing of the above-mentioned:

1,004,250 shares of Common Stock, with authority to add:

40,000 shares of such Common Stock on official notice of issuance upon the exercise of Non-Detachable Common Stock Purchase Warrants attached to certificates for Preferred Stock, and

20,750 shares of such Common Stock on official notice of issuance on purchase by officers, directors or employees pursuant to the Corporation's Stock Purchase Plan,

making a total of

1,065,000 shares of Common Stock authorized to be listed.

PHILLIP L. WEST, Director Department of Stock List EMIL SCHRAM, President New York Stock Exchange

Affiliated Gas Lyuipment, Inc.

40,000 Shares \$3.00 Cumulative Preferred Stock (\$50 Par Value)

With Non-Detachable Common Stock Purchase Warrants

*The non-detachable Warrants entitle the registered holders of shares of the \$3.00 Cumulative Preferred Stock to purchase one share of Common Stock for each share of such \$3.00 Cumulative Preferred Stock held, upon surrender of the Warrant, at a price of \$11.25 per share; such number of shares receivable upon the exercise of the Warrants being subject to adjustment as described herein under the sub-caption "Warrants for Purchase of Common Stock and Scrip Certificates". The net proceeds to the Company from the sale of shares of Common Stock, pursuant to the exercise of the Warrants, are to be applied exclusively to the purchase or redemption of the \$3.00 Cumulative Preferred Stock. The Warrants will become void after January 15, 1954.

1,000,000 Shares Common Stock (\$1 Par Value)

25,000 Shares Common Stock (\$1 Par Value)

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Prior to Public	Underwriting Discounts of Commissions (1)	Preceeds to Company(2)
40,000 Shares of \$3.00 Cumulative Preferred Stock with Non-Detachable Warrants for the Purchase of 40,000 Shares of Common Stock			
- Total	\$2,000,000	\$ 130,000(3)	\$1,870,000
Per Unit	\$50.00	\$3.25(3)	\$46.75
1,000,000 Shares of Common Stock			•
Total	\$9,250,000	\$1,250.000	\$8,000,000(4)
Per Share	\$ 9.2 5	\$1.25	\$ 8.00
25,000 Shares of Common Stock (5)			
Total	\$ 200,000	None	\$ 200,000 (6)
Per Share	\$ 8.00	None	\$ 8.00

(1) Does not include \$40,000, or 1% of the aggregate principal amount of the Term Loans referred to in the caption "Description ed Debt", which the Company has agreed to pay Reynolds & Co. for negotiating such Term Losns.

(2) The proceeds shown as receivable by the Company are without allowance for expenses of registration of approximately \$106.130. Included in this sum is \$6,000 representing the maximum contribution which the Company has agreed to make towards the expenses of qualifying the Preferred Stock and the Common Stock for sale in the various states.

The Company has agreed to indemnify the Underwriters against certain types of civil liability arising in connection with the Registration Statement, this Prospectus, or under the "Blue Sky" laws of various states. Reference is made to the caption "Underwriting Arrangement."

Arrangements".

(3) Pursuant and subject to the terms of the Underwriting Agreement described under the caption "Underwriting Arrangements", the Underwriters have agreed to purchase 40,000 units of Preferred Stock with Non-Detacliable Common Stock Purchase Warrants and to pay to the Company \$2,004,000, or \$50,10 per unit, which sum will be received by the Company on the closing date. Pursuant to said underwriting Agreement, the Company has agreed to pay to the Underwriters, in consideration of the services rendered by the Underwriters in connection with this financing, \$134,000, or a sum equivalent to \$3,35 per unit. Based upon the amount to be paid by the Underwriters to the Company for the 40,000 units of Preferred Stock with Warrants attached and the public offering price of such 40,000 units set forth above, the net amount to be received by the Underwriters from the Company in this connection will be \$130,000, or a sum equivalent to \$3.25 per unit. For the purpose hereof, such payment has been included in the underwriting discounts or commissions and has been deducted from the proceeds to be received by the Company.

(4) This figure is calculated without allowance for the possible exercise of the Non-Detachable Common Stock Purchase Warrants

(4) This figure is calculated without allowance for the possible exercise of the Non-Detachable Common Stock Purchase Warrants attached to the 40,000 shares of \$3.00 Cumulative Preferred Stock. If all of the Warrants are exercised, the maximum amount received by the Company upon such sale will be \$450,000.

(5) To be specially offered under contracts of purchase only to certain officers, directors or employees of the Company under the Stock Purchase Plan described under the sub-caption "Stock Purchase Plan". Purchasers thereof may be deemed underwriters to the extent they purchase for resale, in which event the profit would be the excess of the resale price over the purchase price. (1)(6) The cash proceeds to the Company assumes that all 25,000 shares are purchased under the Stock Purchase Plan and paid

The Company is also registering 40,000 shares of Common Stock reserved for issuance upon the exercise of the Non-Detachable Common Stock Purchase Warrants, and the Company is likewise registering an indeterminate number of shares of Common Stock, together with scrip certificates for fractional shares, for issuance in connection with the anti-dilution rights pertaining to the Non-Detachable Common Stock Purchase Warrants.

The 40,000 shares of Preferred Stock with Non-Detachable Common Stock Purchase Warrants and 1,000,000 shares of Common Stock are offered by the Underwriters subject to the terms of the offering set forth herein, to prior sale, to withdrawal, cancellation or modification of the offer without notice, to delivery to and acceptance by the Underwriters, to the approval of legal matters by Alessrs. Townsend & Lewis, counsel for the Underwriters, and to certain further conditions.

A list of the Underwriters appears on page 30 hereof, among whom are

Reynolds & Co.

Harriman Ripley & Co.

Eastman, Dillon & Co.

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Kidder, Peabody & Co.

Union Securities Corporation

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Laurence M. Marks & Co.

The date of this Prospectus is January 13, 1949

IN CONNECTION WITH THIS OFFERING. THE UNDERWRITERS MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE PREFERRED STOCK (EITHER WITH OR WITHOUT WARRANTS ATTACHED) AND THE COMMON STOCK AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Company has agreed, upon the request of Reynolds & Co., as Representative of the Underwriters, within two years, to use its best efforts to procure the listing of the Preferred Stock (with or without Warrants attached) and the Common Stock on such National Securities Exchange or Exchanges as the Representative may specify. The Representative has informed the Company that it intends to request the Company to make application to list the aforesaid shares on the New York Stock Exchange within such two year period and as soon as, in the opinion of the Representative, a sufficiently broad distribution of the Preferred Stock (with or without Warrants attached) and the Common Stock has been effected.

The Company will, upon proper application, reimburse holders of shares of the Preferred Stock who are residents of Pennsylvania for personal property taxes assessed in Pennsylvania on such shares not exceeding, in any one year, eight mills on each dollar of assessed value of such shares.

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No dealer, salesman or any other person has been authorized to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offer contained herein; and, if given or made, such information or representations must not be relied upon. This Prospectus is not an offer by the Company or by any Underwriter to sell the above securities in any state to any person to whom it is unlawful for such Underwriter to make such offer in such state. Neither the delivery of this Prospectus nor any sales hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof.

Affiliated Gas Equipment, Inc.

REGISTRATION STATEMENT

Affiliated Gas Equipment, Inc. (hereinafter sometimes called the "Company") has filed with the Securities and Exchange Commission, Washington, D. C., a registration statement (hereinafter, together with all amendments thereto, called the "Registration Statement") under the Securities Act of 1933, as amended, for the registration of (a) 40,000 shares of \$3.00 Cumulative Preferred Stock of the par value of \$50.00 each (hereinafter sometimes called the "Preferred Stock"), (b) Common Stock Purchase Warrants (hereinafter sometimes called the "Warrants") attached at the time of issuance to certificates for the Preferred Stock, entitling the holders thereof to purchase, on or before January 15, 1954, an aggregate of 40,000 shares of Common Stock, of the par value of \$1.00 each (such class of stock being hereinafter sometimes called the "Common Stock"), (c) 1,000,000 shares of Common Stock, (d) 25,000 shares of Common Stock that are reserved for issuance under the Stock Purchase Plan hereinafter described, (e) 40,000 shares of Common Stock reserved for issuance upon the exercise of the Warrants, and (f) such additional indeterminate number of shares of Common Stock and scrip certificates for fractional shares as may be required to be issued in connection with the anti-dilution provisions pertaining to the Warrants.

THE COMPANY

Affiliated Gas Equipment, Inc. (hereinafter sometimes called the "Company") was incorporated under the laws of the State of Delaware on August 7, 1948. The Company's principal executive offices are located at 17825 St. Clair Avenue, Cleveland 10, Ohio.

Prior to the completion of the financing contemplated hereby, the Company will have acquired, as of October 31, 1948, all of the assets of three wholly-owned subsidiaries of Dresser Industries, Inc., a Pennsylvania corporation (hereinafter sometimes called "Dresser"); namely, Bryant Heater Company, an Ohio corporation (hereinafter sometimes called "Bryant"), Day & Night Manufacturing Company, a California corporation (hereinafter sometimes called "Day & Night") and Payne Furnace Company, a California corporation (hereinafter sometimes called "Payne"); such acquisition to be in consideration of (a) the issuance by the Company to the three selling corporations of its demand notes in the aggregate principal amount of \$10.870,000, bearing interest at the rate of 4% per annum, and (b) the assumption by the Company of all of the liabilities of the three selling corporations, subject to certain exceptions set forth in the respective agreements of sale described under the caption "Material Acquisitions of Property". The three selling corporations are hereinafter more fully described under the caption "History and Business".

CAPITALIZATION AND FUNDED DEBT

The capitalization of the Company and its funded debt, as of October 31, 1948, and as adjusted to give effect to (a) the amendment of its Certificate of Incorporation, effective January 10, 1949 authorizing 40,000 shares of \$3.00 Cumulative Preferred Stock, of the par value of \$50 per share, (b) the borrowing of \$4,000,000 pursuant to the Term Loans referred to herein under the caption "Description of Funded Debt", and (c) the present financing, are as follows:

	October	31, 1948	Adjusted as a	bove stated
Title of Issue	Authorized	Outstanding	Authorised	Outstanding
4% Fifteen-Year Term Loans	_		\$4,000,000	\$4,000,000
\$3.00 Cumulative Preferred Stock				
(Par Value \$50)	_	_	40,000 Shs.	40,000 Shs.
Common Stock (Par Value \$1) 2,0	000,000 Shs.	_	2,000,000 Shs.* 1	,000,000 Shs.**

^a Of this amount (a) 25,000 shares are reserved for sale to officers, directors or employees of the Company, as more fully set forth under the sub-caption herein entitled "Stock Purchase Plan", (b) 40,000 shares are reserved for issuance upon the exercise of the Common Stock Purchase Warrants, and (c) an additional indeterminate number of shares are reserved for issuance in connection with the anti-dilution provisions pertaining to the Warrants.

•• Does not reflect the issuance of any of the 25,000 shares reserved for sale to officers, directors or employees.

The Transfer Agent for the \$3.00 Cumulative Preferred Stock and the Common Stock and the Agent for the Warrants is The New York Trust Company, 100 Broadway, New York 15, New York, and the Registrar is Bankers Trust Company, 16 Wall Street, New York 15, New York.

APPLICATION OF PROCEEDS

The estimated net proceeds to the Company from the sale of 40,000 shares of the Preferred Stock with non-detachable Warrants and 1,000,000 shares of the Common Stock, after deduction of the expenses of the Company in connection with such offering, estimated at \$106,130, and the underwriting discounts or commissions set forth on the cover page of this Prospectus, will be \$9,763,870. The net proceeds received by the Company will be applied on account of the payment of the demand notes for an aggregate sum of \$10,870,000, to be executed and delivered by the Company to Bryant, Day & Night and Payne, as consideration for all of the assets of Bryant,

Day & Night and Payne. (For particulars as to the time of delivery, payment date and the respective amounts of the notes to be delivered to the selling corporations, reference is made to the caption "Material Acquisitions of Property".)

As described under the caption "Description of Funded Debt", the Company has completed arrangements to sell, by private placement, to insurance companies an issue of fifteen-year notes in the aggregate principal amount of \$4.000,000, with interest at the rate of 4% per annum. The proceeds to the Company of such term loans will be used for the following purposes:

- (a) Approximately \$1,250,000 will be applied towards the payment of the aforesaid notes made and delivered by the Company in connection with the purchase of all of the assets of Bryant, Day & Night and Payne,
- (b) Approximately \$1,000,000 will be used during the next twelve months to finance the capital expenditures of the Company, and
- (c) The remaining approximately \$1,750,000 will be used for working capital and for general corporate purposes, including the repayment to Dresser of borrowings by Day & Night and Payne amounting in the aggregate to \$800,000. (The aggregate amount of these borrowings at October 31, 1948, was \$1,600,000, which sum has been reduced to \$800,000 by payments aggregating the same amount.)

Except as above set forth, it is not possible at this time to state what proportions of the proceeds of the term loan will be used for the respective purposes above mentioned.

Assuming that all 25,000 shares of Common Stock of the Company to be offered pursuant to the Stock Purchase Plan described under the sub-caption herein bearing that title are purchased, at their initial offering price of \$8.00 per share, the aggregate initial payments (1/10th) will be \$20,000 and, over a period of ten years, their aggregate purchase price will amount to \$200,000. The net proceeds to be derived from the sale of any of these shares are to be used as additional working capital.

Any proceeds received by the Company through the issuance of all or any part of the 40,000 shares of Common Stock at \$11.25 per share upon the exercise of the Warrants attached to the Preferred Stock shall, to the extent permissible by law, be applied by the Company to the purchase or redemption of the Preferred Stock.

The Company reserves the right to vary or change any of the foregoing purposes or amounts, if it appears, in the opinion of the management, in its best interests to do so.

HISTORY AND BUSINESS

The three corporations, Bryant, Day & Night and Payne, whose business and properties are to be acquired by the Company upon the completion of the financing contemplated hereby, are at present wholly-owned subsidiaries of Dresser. These corporations have been and are now engaged primarily in the business of manufacturing and selling gas heating equipment, water heaters, water coolers, and allied miscellaneous products used by the gas heating industry for the residential, commercial and industrial markets. It is the intention of the Company to continue such business and to expand into the production and sale of similar equipment using allied fuels.

The Company contemplates the operation of the respective businesses presently conducted by the three corporations on the basis of each unit retaining and continuing the use of its trade name, trade marks and trade relations. Since the plan contemplates the retention by the Company of the services of the executive and other personnel of the three corporations, no interruption in the continuity of present business operations is expected.

In effect, the acquisition by the Company of the business and properties of the three corporations will achieve the independent operation of the three business enterprises as an integrated group. This will be the logical outgrowth of the recent expansion of the business and markets of the three corporations and of the substantial similarity of their operating problems.

Although the over-all management policy governing the operations of the three corporations has been such as to permit each to exercise a substantial degree of autonomy in its individual operations, such policy has not resulted in the integration of their management and operation to the point where any of the corporations avails itself, to any substantial extent, of the manufacturing and other facilities of the others. The management of the Company proposes to avail itself of the opportunity to improve flexibility in the untilization of the manufacturing facilities of the three corporations which, in the opinion of the management, are well located throughout the country and serve national market areas. In this way, products of one unit may be produced in certain plants of the other two units, as market conditions and other considerations might warrant, which it is believed will result in freight savings and improved inventory management.

The problems of engineering and design, production, sales distribution, advertising to national markets are common to Bryant, Day & Night and Payne. By the integration of the businesses of these corporations into the Company, these problems should receive closer control and coordination than has been possible heretofore.

Summary of Combined Earnings

The following summary of combined earnings, submitted as a matter of historical record, of Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company has been compiled from financial statements which have been examined by Messrs. Ernst & Ernst for (1) the periods from January 1, 1939 to October 31, 1948, with respect to Bryant Heater Company, (2) the periods from January 1, 1945 to October 31, 1948, with respect to Day & Night Manufacturing Company, and (3) the periods from February 1, 1945 to October 31, 1948, with respect to Payne Furnace Company. Such summary, for said periods, has been reviewed by Messrs. Ernst & Ernst, and is included in this Prospectus in reliance upon the accompanying report of that firm given on the authority of that firm, as experts in auditing and accounting. The summary of combined earnings, for the aforementioned companies for periods not hereinbefore referred to, has been prepared from financial statements of such companies, or was compiled from records of such companies. This summary for the period of three years ended October 31, 1948, is subject to and should be read in conjunction with the financial statements and the notes thereto, all of which are hereinalter included in this Prospectus.

In the preparation of the following summary allocation has been made, to the years affected, of certain adjustments which were previously reflected in earned surplus in the period in which determined.

Toor (Rose A)	Not Sales (Notes B and C)	Cost of Goods Sold , (Note B)	Selling. Englacering. General and Admislaterative Espenses	Depreciation and Americation Included in Costs and Espenses (Note D)	Interest	Other Encome or Deductions*— Net	Profit or Lose Belora Pederal Taxos on Income	Pederal Tanes de Income	Net Profit or Loss
1936	\$ 3,481,708	\$ 2,229,618	\$ 906,140	\$ 55,146	\$ 40,999	\$ 2,071*	\$ 302,880	\$ 56,809	\$ 246,071
1937	4,610,013	3,222,164	1,122,347	71,507	57,428	8,705	216,779	32,375	184,404
1938	4,018,777	2,857,080	1,177,943	79,249	59,822	5,120	70,948†	8,159	79,107†
1939	4,790,730	3,336,338	1,142,195	77,973	31,737	12,273	289,733	43,124	246,609
1940	5,553,392	3,911,988	1,190,083	78,459	15,249	18,635	454,752	139,036	315,716
1941	6,915,974	4,882,645	1,254,366	103,351	19,202	60,099*	699,662	374,987	324,675
1942	13,359,382	11,148,408	851,815	108,802	79,751	9,479	1,288,837	804,901	433,986
1943	37,411,099	32,751,342	1,299,759	131,432	248,008	1,212*	3,110,778	2,240,868	869,910
1944	44 000 101	29,059,483	1,723,974	133,175	200,863	53,559	2,875,890	2.091,074	784,816
1945	33,639,636	26,783,305	2,393,627	129,163	130,257	22,480	4,349,927	3,098,256	1,251,671
1946	12 520 250	14,050,974	2,683,052	136,230	25,632	191,997	1,003,098	365,370	637,728
1947	22 040 420	16,961,470	3,671,794	221,980	13,441	35,338	3,338,311	1,447,771	1,890,540
1948	20 171 200	20,910,618	4,685,359	292,328	86,385	127,604	3,616,502	1,370,188	2,246,314 (Note

* Indicates red Seures. † Indicates loss.

Note A.—The periods included for the various companies, in the foregoing summary of combined earnings are as follows: (1) Bryant Heater Company: Years ended December 31, 1940, inclusive, period of ten months ended October 31, 1941, years ended October 31, 1942 to October 31, 1948, inclusive; (2) Day & Night Manufacturing Company: Years ended December 31, 1936 to December 31, 1944, inclusive, period of ten months ended October 31, 1945, years ended October 31, 1946 to October 31, 1948, inclusive; (3) Payne Furnace Company: Years ended March 31, 1937 to March 31, 1944, inclusive, period of ten months ended January 31, 1945, period of nine months ended October 31, 1948, inclusive, period of ten months ended January 31, 1945, period of inclusive. The periods prior to January 31, 1945, with respect to Payne Furnace Company, represent the operating results of Payne Furnace & Supply Company, Inc., predecessor company.

Note B-Reference is made to Note D to the financial statements relative to inter-company sales.

Note C-Sales during the war period resulted principally from war business. In this connection, reference is made to the Prospectus under the caption "War and Reconversion". Sales for the year 1946 include the settlement of termination claims in the aggregate amount of \$3,656,231.

Note D-As indicated in Note (1) to the proposed transactions given effect to in the proforms balance sheet hereinafter included in this Prospectus, the excess of \$735.271 of the purchase price over the carrying amount of net assets acquired will be allocated to property, plant, and equipment accounts. Consequently, the annual provisions for depreciation, based on the adjusted carrying amounts for property, plant, and equipment as of October 31, 1948, will aggregate approximately \$370,000.

Note E — The charges (net of the effect of federal taxes on income) included herein for overall management services of Dresser Industries, Inc. are as follows: 1943—\$12,504; 1944—\$70,407; 1945—\$89,040; 1946—\$153,224; 1947—\$202,120. Such charges to these companies were discontinued as of October 31, 1947. During part of the year 1948, payments for overall management services were made by the three companies, which payments were refunded by Dresser Industries, Inc. prior to October 31, 1948. If charges for overall management services for the year 1948, had been made on the same basis as for preceding years, they would have aggregated approximately \$350,000 or \$217,000 after federal taxes on income, and the net profit for that year would have been reduced accordingly. It is anticipated that expenses of an amount less than the aforesaid charges for 1947 or the amount for 1948 referred to in the preceding sentence will be incurred by Affiliated Gas Equipment, Inc. (new company) for similar services during its first fiscal year.

Note F-During the period from December 31, 1943 to October 31, 1946, Day & Night Manufacturing Company had a wholly-owned subsidiary which was dissolved as of the latter date. The accounts of such subsidiary have been consolidated in the foregoing tabulation with those of Day & Night Manufacturing Company for such period.

Note G-The annual dividend requirement on the 40,000 shares of \$1.00 Cumulative Preferred Stock, and the annual interest requirement on the 4% Fifteen-Year Term Losn, to be outstanding at the completion of this financing and related transactions, will amount to \$120,000 and \$160,000, respectively. Such annual requirements will be reduced, in the event of the redemption of shares of Preferred Stock or payments on account of the principal amount of the Notes evidencing the Term Loan, by amounts proportionate to the number of shares of Preferred Stock redeemed or the amount of principal paid on such Notes.

Note H-The amount that would have been available for distribution for the year 1948 under the incentive compensation plan recently adopted by Affiliated Gas Equipment, Inc. (new company) amounts to \$248,100 as compared to the aggregate amount of \$239,000 available for distribution (\$224,932 actually paid) under the plans in effect at October 31, 1948.

Dividenda

Subject and subsequent to the sale by the Company of the 40,000 shares of Preferred Stock with Warrants attached and the 1,000,000 shares of Common Stock offered by this Prospectus, and subject to funds being lawfully available therefor, the Board of Directors of the Company will declare a dividend of 22½¢ per share on the Common Stock, payable on April 1, 1949, to the holders of record on March 15, 1949. Funds lawfully available for the payment of this dividend will, in the opinion of Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, counsel for the Company, be the sum of (a) the Company's net income, if any, from February 1 to April 1, 1949, after deducting the first quarterly dividend on the Preferred Stock of \$30,000, (b) \$500,000 and (c) the aggregate net consideration, if any, received by the Company from the issue or sale subsequent to February 15, 1949, of shares of Common Stock. (For further details as to funds lawfully available for dividends on the Common Stock, reference is made to the subheading "Dividends" under the description of the Preferred Stock contained in the caption "Description of Capital Shares" and to the caption "Description of Funded Debt.")

On the date of the declaration of the proposed Common Stock dividend, the Company will have little or no earned surplus and, to the extent that there is not sufficient earned surplus to cover the dividend on the payment date thereof, the excess of the amount of the dividend over the amount of earned surplus available therefor will be paid out of espital surplus and, to that extent, will represent a return of capital.

It is the intention of the Board of Directors that the Company shall pay quarterly dividends on the Common Stock thereafter, if the net earnings, general affairs and financial condition of the Company and general economic and other pertinent conditions warrant the same; but the amount of such dividends, if any, will depend upon the net earnings of the Company at the time of its declaration and upon other factors not presently determinable.

Bryant Heater Company

This corporation was incorporated in Ohio in 1933 and succeeded a similar business founded in 1908. It became a wholly-owned subsidiary of Dresser in 1933.

Bryant was a pioneer in the development of gas-fired heating equipment and at the present time its line of gas fired equipment (heating and water heaters) is the most complete in the industry.

Since 1933, Bryant has been engaged principally in the manufacture of gas-fired boilers, furnaces, unit heaters and conversion burners. Its line of gas, electric and oil water heaters was introduced in 1946. A new "all weather" air conditioner and a new gas-fired wall furnace have been developed and are now being placed in production, and satisfactory development progress has been made on a complete line of oil-fired heating equipment.

Bryant has its principal office and operates two plants in Cleveland, Ohio, and operates another plant at Tyler, Texas. In addition, Bryant utilizes facilities of two other plants in central Ohio on a sub-contracting basis. Finished products from these plants represent approximately 24% of Bryant's sales during the fiscal year ended October 31, 1948. In these sub-contracting operations, Bryant provides the sub-contractor with tools and dies and practically all of the raw materials and parts used in manufacturing finished products. No formal agreements exist between Bryant and these sub-contractors, but purchase orders for the products are placed with the sub-contractors by Bryant, from time to time, covering from 60 to 90 days' requirements. This policy has made possible the expansion of sales without heavy investment by Bryant in plant and equipment, and has also helped to avoid the concentration of production in the Cleveland area.

Bryant products are distributed nationally through approximately thirty-five independent distributors and through seven factory branch sales offices, located in key cities. Approximately 10% of the total of Bryant's sales for the fiscal year ended October 31, 1948, is represented by water heaters sold to a single nationwide distributor under the latter's brand name. These heaters differ somewhat from Bryant's regular lines of products.

During the fiscal year 1948, a price increase in Bryant products, averaging about 5%, was made effective.

Bryant maintains a competent engineering and research staff of 37 persons. Its engineering and research efforts are directed toward (a) improvement and cost reduction of existing products; (b) development of new products; and (c) basic research in combustion and heating problems.

In recent years, Bryant's policy has been to expand its activities through the addition of allied products such as water heaters, space heaters, steel furnaces and oil-fired equipment. However, much of the benefit to be expected from this expansion program as well as from the growing market demand for its primary products has been postponed because of limitations on the use of gas as fuel in certain important areas which are referred to on page 9 of this Prospectus.

Day & Night Manufacturing Company

This corporation was incorporated in California in 1923 and succeeded a similar business founded in 1908. It has been a subsidiary of Dresser since April 1945. Its main office and plant are at Monrovia, California.

Day & Night has manufactured gas-fired water heaters for 39 years, water coolers for 18 years and space heaters for 10 years. Six years ago, Day & Night introduced a new type radiant gas-fired wall furnace which it markets under the trade name "Panelray" and which has become a major addition to its line.

Day & Night's products are sold primarily in the Western and Southern areas of the United States.

All sales of Day & Night products in the United States are made through wholesale plumbing jobbers, with the exception of those in Metropolitan Los Angeles, where sales are through dealers. In all states other than California, its wholesale jobbers serve as exclusive distributors in a definite marketing area. In California, sales are made to several jobbers in each marketing area.

Day & Night has a completely equipped laboratory and model shop, and directs its research program toward a broadening of its line of products and the improvement of the products presently manufactured.

At present, Day & Night is placing on the market an entirely new line of domestic water heaters and a new overhead Panelray space heater. It expects to introduce within the next few months a new water heater in the low priced field, new designs of industrial water heaters and new designs of its space heaters and water coolers.

Day & Night placed into effect, during the fiscal year 1948, minor price increases on specific items, none of which exceeded 10%.

Payne Furnace Company

This corporation was incorporated in California in 1945 and succeeded a similar business founded in 1914. It has been a wholly-owned subsidiary of Dresser since February, 1945. Its main office and plant are at Beverly Hills, California.

Payne manufactures a line of various types of gas-fired furnaces, space heaters and evaporative coolers. With the exception of evaporative coolers which were introduced by it in 1948, Payne has been manufacturing these products for many years.

Payne merchandises its products in that part of the country west of the Mississippi River, particularly Southern California, and also in the southern states.

Practically all of Payne's sales are made to dealers, wholesale distributors and utility companies. In Southern California, this sales program is supplemented by sales made through branches of Payne's Retail Division.

Payne placed into effect, during the fiscal year 1948, price increases on certain of its products ranging from 5% to 10%.

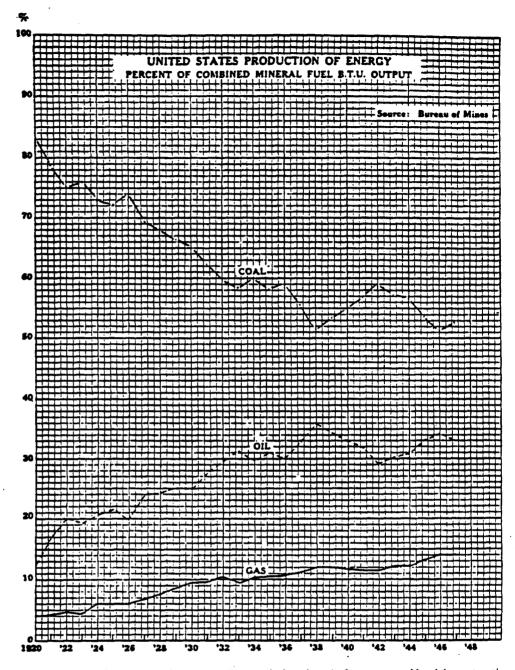
Payne maintains a competent engineering and research organization. Its research efforts are directed toward the improvement of its present products and the development of new products. A new forced-air wall heater, known as the "Panelair" was placed on the market by this corporation in February 1948 and it placed a line of Console Heaters on the market in 1947. A new line of central furnaces is now in production. It is expected that a new floor furnace and a new line of forced-air furnaces for installation in attics and other confined spaces will be introduced by Payne in the next few months.

The Heating Industry

The products of the domestic heating industry fall largely within two broad equipment classifications: central and non-central heating equipment. Central heating equipment consists of furnaces, boilers and conversion burners. Non-central heating equipment consists of floor furnaces, wall furnaces, space heaters and similar units designed to heat one or more rooms rather than the entire residence and unit heaters for commercial and industrial installations. According to a survey made by the U. S. Bureau of Census in April 1947, central heating accounts for 48%, and non-central heating for 52%, of all heating installations in the United States.

Coal, oil and gas are the principal fuels used in the heating industry. The availability and competitive price position of these fuels vary throughout the country.

The trend of the relative B. T. U. output of mineral fuels in the United States, during the period 1920 through 1947, according to data published by the U. S. Bureau of Mines is illustrated by the following chart:



The market for domestic heating equipment derives largely from new residential construction and replacement sales, which involve the conversion from one type of fuel to another, the replacement of existing equipment, the installation of automatic equipment, and, to a lesser degree, the conversion to central heating.

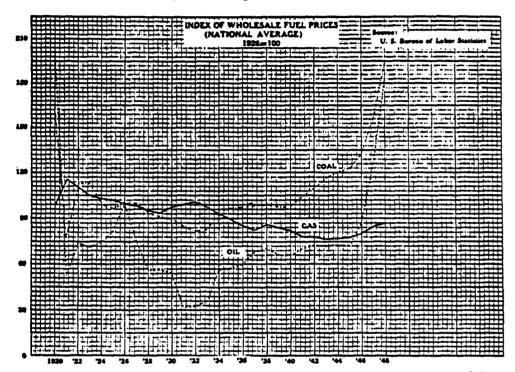
Of primary importance to the current and future activities of the Company are the developments which have taken place within recent years in respect to the utilization and competitive costs of coal, oil and gas for residential heating.

While cost comparisons on a thermal equivalent (B.T.U.) basis vary by locality and grade of fuel, the relative change in the cost of gas, fuel oil and coal, as shown by the U. S. Bureau of Labor Statistics Index of Wholesale Fuel Prices is as follows:

Fuel	1926	1948*
Gas (Natural and Manufactured)	100	86.9
Oil (Oklahoma Fuel Oil)**	100	181.7
Coal (Bituminous)	100	194.5

^{*} August 15, 1948.

The trend of the relative wholesale prices for gas, oil and bituminous coal in the United States, during the period 1920 through 1947, according to data published by the U. S. Bureau of Labor Statistics is illustrated by the following chart:



Note—Oil, as represented on the above graph, is based on the price of Oklahoma fuel oil. The U. S. Bureau of Labor Statistics indices for Oklahoma fuel oil for the periods from 1920 through 1938 and from 1938 to 1948, respectively, are based on two different grades of oil. For the purpose of the above graph, appropriate adjustment for this variance has been made on the basis of the respective prices for such grades in 1938.

Inability to expand transmission facilities from the gas producing areas rapidly enough to keep pace with the increasing demand has resulted in a shortage in the supply of natural gas in the East and Middle West. This shortage has restricted severely the sales of gas fired heating equipment since 1946 in these areas. The restrictions on the sales of equipment vary by state and region. While, generally, no restrictions are imposed upon the replacement of existing residential gas facilities, conversion to gas from another fuel has been prohibited in certain areas. The gas supply in some restricted areas has already begun to improve as additions and expansions in gas transmission facilities have been made. This trend is expected to show progressive improvement as further additions to and expansions in gas transmission facilities are completed. A bulletin of the Gas Appliance Manufacturers Association dated July 16, 1948 reports that: "It is interesting to note that, during the period of July 1, 1945, to May 15, 1948, the Federal Power Commission authorized construction which included 10,168 miles of natural gas pipe line. On May 15, 1948, there were, pending the hearing of the Federal Power Commission, applications which involved the laying of 13,515 miles of pipe lines; thus the total mileage approved and pending on May 15, 1948, totaled 23,683 miles of natural gas pipe line. This total construction would cost more than \$1,418,000,000 and would require over 5,480,000 tons of pipe."

The shortage of manufactured gas has caused restrictions in some areas and projects are under way in many of these areas to expand manufactured gas capacity and to utilize natural gas as the latter becomes available upon completion of new gas transmission pipe lines.

^{**} The U. S. Bureau of Labor Statistics indices for Oklahoma fuel oil for 1926 and 1948, respectively, are based upon two different grades of oil. For the purpose of the above table, appropriate adjustment for this variance has been made on the basis of the respective prices for such grades in 1938.

The following tabulation, based on data in the January, 1948, issue of the trade paper "Fueloil and Oil Heat" shows a comparison of the number of units of automatic heating equipment sold in the years 1941 and 1947:

	Year 1941	Year 1947	Percent Increase 1947 over 1941
Gas	136,385	302,000	121%
Coal (Stokers)	198,243	84.661	(57)*
Oil	333,250	820,92 3	146

Data on automatic central heating equipment is not, of course, indicative of total unit sales of heating equipment.

The following tabulation, based on data contained in U. S. Department of Commerce publications, shows unit sales of space heaters (non-central), excluding floor furnaces:

	12 Months Ended	12 Months Ended	Percent Increase
	June 1941	December 1947	1947 Over 1941
Coal and Wood Gas Oil	1,308,000	1,338,000 2,661,000 2,422,000	(29)%° 103 121

• Indicates decrease

· Indicates decrease.

Raw Materials and Parts

Bryant, Day & Night and Payne buy the raw materials which are processed in their own plants, including sheet steel and aluminum sheets, and also buy finished and semi-finished parts, including castings of various types and necessary fittings and valves. The major items of standard manufacture normally purchased in finished form include electrical controls, thermostats and electric motors. Athough the flow of these materials was spasmodic and unreliable in 1946 and 1947, the principal remaining item which is difficult to obtain is steel.

None of the three corporations operates a foundry and therefore all castings are purchased from outside sources.

During each of the past three fiscal years, purchases from any one supplier have been less than 10% of the combined enterprise's aggregate purchases of raw materials and parts.

Description of Products and Glossary of Terms

The following definitions are given for better understanding of the Company's products and are not necessarily those of the heating industry:

Gas Fixed Boiler: A central unit fired by gas to heat water or generate steam in cast-iron boiler sections for a heating system using radiators, convectors or radiant heating and distributing such hot water or steam by means of pipes throughout the building.

Gas Fired Central Furnaces: A central heating unit fired by gas supplying heated air by gravity or forced circulation to a distribution system using sheet-metal ducts to registers throughout the building. The combustion chambers for such units are either cast iron or steel.

Gas Fixed Unit Heaters: A gas-fixed unit which supplies forced heated air directly to the space in which it is placed without the use of ducts for distribution. Such units are usually suspended from the ceiling in the space to be heated.

Water Heaters: The automatic storage type using gas, oil or electricity for heating water.

Gas Fired Conversion Burners: A gas-fired burner for installation in a coal or oil boiler or furnace to convert such boiler or furnace to automatic gas heat.

Gas Fired Floor and Wall Furnaces: Two types of furnaces usually installed for limited area heating without the use of a duct system for the distribution of heated air. The floor furnace is placed below the floor level with a register in the floor through which the heated air enters the space. The wall furnace is affixed to the wall above the floor level with the heating surface exposed to the area to be heated.

Gas Fired Space Heaters: Portable self-contained gas-fired units used to heat a limited area. The unit is so constructed that it is placed upon the floor and unconnected to the building except for a gas connection and in some cases a flue outlet.

Sales by Products

The following table lists the materially important lines of products manufactured and sold by Bryant and Day & Night during the calendar year 1940, by Payne during the fiscal year ended March 31, 1941 (included below in the column headed "1940"), and by all three corporations during the twelve months ended October 31, 1946, 1947 and 1948 (included below in the columns headed "1946", "1947" and "1948", respectively). The table also shows the respective percentages of the sales of such lines to the total sales of the combined enterprise in each such period. No figures are shown for the years 1941 through 1945, inclusive, inasmuch as a substantial portion of the combined output of the three corporations during that period was devoted to war work.

Lines of Products	1940	1946	1947	1948
Gas Fired Boilers Gas Fired Central Furnaces	8% 34*	8% 20	10%	10% 16
Gas Fired Unit Heaters Gas, Electric and Oil Water Heaters Gas Fired Conversion Burners	6 19 2	4 22 11	9 25 3	10 23
Gas Fired Floor and Wall Furnaces Gas Fired Space Heaters Miscellaneous Products and Parts	10 3	17 1	19 2	24 1
	100%	100%	100%	100%

* In 1940 Payne produced a substantial amount of heavy heating equipment for military camps which secounts for the abnormally high percentage of central furnace sales in that year.

War and Reconversion

After the entry of the United States into the Second World War, Bryant, Day & Night and Payne devoted the major portion of their plants and equipment to the production of material, parts and equipment needed by the Armed Forces, although they were able to continue the manufacture of their normal products on a limited basis. By the addition of some new equipment and the extensive use of subcontractors these corporations made a substantial contribution to the war effort.

Bryant's war contracts provided for the production of volute spring suspension assemblies for medium tanks for the Army and bogic wheel assemblies for LVT landing craft for the Navy.

Day & Night formed a wholly-owned subsidiary, Day and Night Flare Corporation, on December 31, 1943, to carry on the work on certain war contracts. This subsidiary was engaged 100% in war production until it was liquidated into Day & Night, as of October 31, 1946, at which time all of its war contracts were completed. Day & Night and its subsidiary produced shells for chemical mortars for the Chemical Warfare Service, rockets for the Navy and motor mounts for the Air Corps.

Payne's production was principally for the photography section of the Air Corps, and generally involved sheet metal work. Payne did not begin production of strictly war-time products until late in 1942. In 1940 and 1941 Payne produced a substantial amount of heavy heating equipment for military camps.

With the exception of Payne's manufacture of this heating equipment, all of the war-time products produced by Bryant, Day & Night and Payne were dissimilar to their peace-time products and required different types of manufacturing operations. Bryant, Day & Night and Payne have settled their claims under all war contracts, and reconversion to peace-time operation has been completed.

At the present time Bryant, Day & Night and Payne have no government contracts in any substantial amount.

Competition and Position in Industry

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There are many other manufacturers engaged in essentially the same type of business as Bryant, Day & Night and Payne and the pre-war experience of the industry indicates that competition is keen. However, the three Corporations (below referred to as the "combined enterprise") have been able to achieve a substantial growth and the Company intends to continue efforts in this direction. As an indication of the relative growth of the combined enterprise and the industry in respect to major products for representative periods reference is made to the following tabulation:

SCHEDULE SHOWING COMPETITION AND POSITION IN INDUSTRY

					Partial Years	
			ars Ended er Jist	1945 Nov. 1, 1945 to	1947 Nov. 1, 1946	1948 Nov. 1, 1947
		1946	1947==		to July 31, 19474	to : July 31, 1948;
Boilers (gas)	-Combined Enterprise	100.0	243.8	100.0	311.6	337.1
•• ,	—Industry (1)	100.0	214.4	100.0	334.4	237.9
Central Furnac						
(gas)	-Combined Enterprise	100.0	145.8	100.0	154.0	147.2
	-Industry (2)	100.0	137.2	100.0	178.5	137.4
Water Heaters	(gas.	100.0		100.0	176.5	137.4
oil, electric)	-Combined Enterprise	100.0	193.5	100.0	198.3	252.2
· ,	—Industry (3)	100.0	198.4	100.0	226.9	200.4
Unit Heaters	-industry (b)	100.0	170,4	200.0	220.5	200.4
(gas)	-Combined Enterprise	100.0	390.5	100.0	242.8	526.0
(5)	—Industry (4)	100.0	217.5	100.0	192.8	295.6
Floor & Wall						470.0
(gas)	-Combined Enterprise	100.0	197.6	100.0	194.1	287.0
(800)	-Industry (4)	100.0	213.3	100.0	248.8	220.0
Conversion Bu		100.0			2 10.0	220.0
(gas)	-Combined Enterprise	100.0	40.8	100.0	45.6	28.2
(8)	—Industry (1)	100.0	43.5	100.0	64.9	18.7
Total of Above			70.5	100.0	U4.5	10.5
	-Combined Enterprise	100.0	176.6	100.0	173.9	219.7
	-Combined Industry	100.0	177.5	100.0	209.9	182.0

* Reference is made to "Lines of Products" tabulation on page 11 hereof for the respective percentages sales of materially important lines of products manufactured and sold by the combined enterprise to the total sales of the combined enterprise in the respective periods covered.

Computed on year ended October 31, 1946, as base.

Computed on period November 1, 1945, to July 31, 1946, as base.

† The gas conversion burner is the product most adversely affected by the restrictions on the replacement of types of heating with automatic gas heating.

†† The above products represent approximately 80% of the total heating and water heater sales of the combinenterprise for the facal year ended October 31, 1946.

Sources: (As reported by published bulletins and monthly reports)

(1) Gas Appliance Manufacturers Association
(2) U. S. Dept. of Commerce, Bureau of Census—Facts for Industry: Series M\$1C
(3) Includes gas underfired, oil underfired and electric storage:
gas underfired and oil underfired from U. S. Dept. of Commerce, Bureau of Census—Facts for Industry: Series M\$1F; electric storage from Facts for Industry Series M\$1F through the fiscal year ended October 31, 1947, National Electrical Manufactures Association for the fiscal year ended October 31, 1948

(4) Includes oil and gas units-from Facts for Industry Series M51C

No reliable and complete source of information is available as to the relative competitive positions of the combined enterprise and of other manufacturers in the same industry. The Company believes, however, that the combined enterprise constitutes one of the largest producers in the United States of gas-fired heating equipment and water heaters (gas, electric and oil) and that it has the most complete line of products in this field.

Markets

The major market for the products of the combined enterprise is in residential housing. Approximately 90% of the sales of the combined enterprise are for use in domestic dwelling units and it is believed that, in the last two and one-half years, most of these sales have gone into new housing units. Various estimates have been made as to the unfulfilled housing requirements of the United States, all of which appear to indicate a substantial need for further new residential buildings. However, because of the restrictions on the use of gas in many areas of the country, the full market for heating equipment in the present building program is not available.

During the period before the last war a large portion of the sales were made for replacement purposes. As previously described, restrictions on the use of gas have retarded the installation of gas fuel equipment as a replacement for equipment using other fuels. The apparent effect of these restrictions is to accumulate a substantial backlog of demand for new and replacement business for the gas heating industry which should materialize into sales as these restrictions are removed.

The non-residential market of the three corporations is principally in the sales of equipment for the purpose of heating commercial and industrial buildings.

During each of the past three fiscal years less than 10% of the total sales of the combined enterprise has been to any one customer.

Patents

The business of Bryant, Day & Night and Payne is not dependent upon patent protection, but patents frequently have served to improve competitive position, particularly in the initial stages of marketing certain products.

Employee Relations

The aggregate employment of Bryant, Day & Night and Payne, exclusive of officers. as of October 31, 1948, was approximately 1,800 persons, of whom approximately 1,225 were non-

supervisory production employees. It is estimated that there will be no material change in these employment figures during the next six months, except for normal seasonal lay-offs affecting approximately 300 employees.

The production employees of Bryant in its Cleveland plants are represented by a local union of U.A.W.-C.I.O. for collective bargaining purposes. The agreement now in effect between Bryant and the union will remain in force to May 4, 1949 and thereafter from year to year, unless and until either party shall indicate its desire to terminate, change or amend the contract, by the delivery to the other of written notice not less than 60 days prior to the expiration date or at the end of any subsequent yearly period.

The employees of Bryant at its Tyler, Texas plant are represented by a local union of the U.A.W.-C.I.O., and the initial contract between Bryant and this union will remain in effect until September 2, 1949 and yearly thereafter, unless and until either party shall indicate its desire to terminate, change or amend the contract, by the delivery to the other of written notice not less than 60 days prior to the expiration date or at the end of any subsequent yearly period.

The production employees at Payne are represented by two local unions of the Sheet Metal Workers International Association, A. F. of L. Contracts are now in effect between Payne and these unions. One contract will remain in effect until March 31, 1949 and yearly thereafter, unless and until either party shall indicate its desire to terminate, change or amend the contract by the delivery to the other of written notice not less than 30 days prior to the expiration of any yearly period subsequent to March 31, 1949. The other contract will remain in effect until April 25, 1949 and yearly thereafter, unless and until either party shall indicate its desire to terminate, change or amend the contract, by the delivery to the other of written notice not less than 60 days prior to the expiration date or at the end of any subsequent yearly period.

Copies of the four union contracts hereinabove referred to under this caption have been filed as Exhibits to the Registration Statement and reference is made to such Exhibits for full statements of the terms and provisions of such agreements. The foregoing information as to such terms and provisions is qualified in its entirety by such reference.

On the basis of an estimated total annual payroll of approximately \$2,868.000 for Bryant, Day & Night and Payne, the wage increases negotiated and put into effect in the fiscal year ended October 31, 1948, pursuant to the aforesaid union contracts, would amount annually to \$70,000, or 2.4% of such estimated annual payroll.

Employees of Day & Night are not represented by any labor organization.

Generally, relations between Bryant, Day & Night and Payne and their respective employees have been satisfactory and there have been no strikes or work interruptions for the past three years.

A group insurance plan, providing life insurance, sickness and accident benefits, hospitalization and non-occupational death and dismemberment indemnities to employees, is in effect at Bryant, Payne and Day & Night. The plan is available to all employees after a probationary period and the corporations and their participating employees contribute to the cost thereof. It is anticipated that the Company will continue the same plan with an insurance company. The total cost to the three corporations under the plan for the fiscal year ended October 31, 1948 was approximately \$1,950.

Salaried employees of the three corporations earning \$3,000 or more per annum have been eligible to participate in the pension plan of Dresser. The plan was offered to eligible employees after three years employment. It provides for retirement at age 65. The corporations and their participating employees have contributed to the cost of the plan. The maximum annuity payable to any officer or employee is \$12,000 per annum. The Dresser plan has been approved by the Treasury Department for tax deduction purposes and is insured by the John Hancock Mutual Life Insurance Company. With respect to any one employee, the annual current service cost of each corporation is that actuarially determined amount which, together with the employee's contribution, will purchase an annual annuity equal to three-tenths of such employee's contribution. It is anticipated that the Company will continue the same plan with an insurance company and the benefits already accruing to the participating employees of Bryant, Day & Night and Payne will be transferred under the plan to be adopted by the Company. The total expense applicable to the three corporations under the existing plan for the fiscal year ended October 31, 1948 was \$51,480. The aggregate amount of unpaid costs of past service benefits under the existing and the proposed plans is estimated to be \$54,000 and is payable in annual installments of approximately equal amounts during the next six years.

No forecast is made in this Prospectus as to the possible effect on the business and earnings of the Company of changes in general economic, industrial and international conditions or in legislation or governmental regulations affecting its business and operations, the Company believing that these matters cannot accurately be forecast.

Attention is called to the following factors which, among others, might in the future affect the business and earnings of the Company: Availability of and increase or decrease in the use of natural or manufactured gas for heating purposes; the relative costs of fuels such as gas, oil and coal; increase or decrease in residential building construction; increase or decrease in the use of automatic air conditioning equipment; labor disturbances or labor shortages; and changes in tax rates or in price or production costs.

THE PROMOTION OF THE COMPANY

Reynolds & Co., directly or indirectly, took the initiative or was instrumental in the organization of the Company. Accordingly, it may be deemed to be the "promoter" of the Company as that term is defined in the General Rules and Regulations of the Securities and Exchange Commission.

Reynolds & Co., as one of the Underwriters, will receive the respective underwriting discounts or commissions applicable to the Preferred Stock and Common Stock, with respect to the respective numbers of shares of Preferred Stock and Common Stock to be purchased by it. (The amounts of such respective discounts or commissions are set forth on the first page of the Prospectus. The respective numbers of shares of Preferred Stock and Common Stock to be purchased by Reynolds & Co. are set forth under the caption herein entitled "Underwriting Arrangements".) In addition, Reynolds & Co., as compensation for services rendered and to be rendered to the Underwriters, as their Representative, is to receive from each Underwriter amounts equal to 25¢ and 15¢, respectively, per share, on the number of shares of Preferred Stock and Common Stock which each Underwriter has agreed to purchase. Reynolds & Co. will likewise receive from the Company a commission of \$40,000, payable in equal installments, in 1949 and 1950, for services in negotiating the Term Loan referred to under the caption "Description of Funded Debt".

MATERIAL ACQUISITIONS OF PROPERTY

The Company has entered into agreements with Bryant, Day & Night and Payne, respectively, for the purchase of all of the assets, property and business of the respective corporations as of the close of business October 31, 1948, subject to the liabilities and adjustments hereinafter described. The respective amounts which the Company has agreed to pay to Bryant, Day & Night and Payne as consideration for such purchases are as follows:

Bryant	\$ 6,100,000
Day & Night	2.770.000
Payne	2,000,000
Total	\$10,870,000

Such payments are to be made in the form of demand notes, bearing interest at the rate of 4% per annum, to be made and delivered by the Company to Bryant, Day & Night and Payne in the foregoing respective amounts.

In addition, the Company has agreed to assume all of the liabilities of each corporation as of the close of business on October 31, 1948, as shown on the Balance Sheet of said corporation as of said date or for which reserves have been set up on said Balance Sheet (provided, however, that liabilities not shown on said Balance Sheet but reserved for shall be assumed only to the extent of the amount of the reserve set up therefor), subject to adjustments resulting from the operations of the respective corporations subsequent thereto and prior to the consummation of the respective purchases and certain exceptions set forth in the agreements of sale.

The physical properties of Bryant, Day & Night and Payne to be acquired by the Company pursuant to the aforesaid agreements are those herein described under the caption "Property". The other assets to be acquired, including cash, securities, notes, accounts receivable, machinery, equipment, inventories and contracts, but excluding patents, trade-marks and trade names, are reflected in the respective Balance Sheets of the selling corporations contained in this Prospectus at pages 42 and 43. The patents, trade-marks and trade names to be acquired from each corporation are listed in schedules annexed to the respective agreements. The assets reflected in the aforesaid Balance Sheets such as cash, accounts receivable and inventories are subject to the adjustments referred to above.

Each agreement contains provisions whereby each selling corporation represents (a) that it has, and will, on the closing date, have, good and merchantable title in fee simple to all of the real estate owned by it, free and clear of all liens and encumbrances, except current taxes and assessments not yet due and payable and except certain easements and restrictions of record which have been disclosed to the Company, and (b) that it has, and will, on the closing date, have, good title to all other property of every class and description owned by it, free and clear of all liens and encumbrances whatsoever.

Each agreement also contains representations and warranties, among others, as to the completeness and accuracy of the information contained in the Balance Sheet of the respective selling corporation and as to the general affairs and financial condition of such corporation.

The obligations of the Company under each agreement are subject to the accuracy of the above-mentioned representations and warranties and to certain further conditions, including (2) the existence of a firm commitment by underwriters to purchase from the Company an issue of 40,000 shares of its \$3.00 Cumulative Preferred Stock with Non-Detachable Common Stock Purchase Warrants and an issue of 1,000,000 shares of its Common Stock at such respective prices as shall not to it not less than \$46.05 per unit of Preferred Stock with attached Warrant and \$8.00 per share of Common Stock, (b) the existence of firm commitment by insurance companies to make to the Company loans aggregating \$4,000,000, (c) the approval by counsel of legalities, (d) there being no materially adverse change, prior to the closing date, in the financial or physical condition of the selling corporation from that reflected in the aforesaid Balance Sheet of such corporation as of October 31, 1948, except loss of or damage to physical properties or the use thereof fully compensable under insurance then in force, and (e) the selling corporation not having entered into any material transactions, between October 31, 1948, and the closing date, excepting those specified in such agreement and those approved by the Company.

In each agreement, the respective selling corporation has agreed to take all necessary action to carry out and complete its voluntary dissolution and liquidation as promptly as reasonably practicable following the closing date and to take such steps as may be necessary to insure the use by the Company of the corporate name of such selling corporation.

The closing date under each agreement is to be fixed by the Company by written notice to the respective selling corporation; provided, however, that the closing date shall in no event be later than February 28, 1949.

Subject to a firm commitment being made by the Underwriters to purchase all of the shares of Preferred Stock and 1,000,000 of the shares of Common Stock covered hereby, the Company intends that the closing under each of the aforesaid agreements shall take place after 6:00 P.M. on the same day as the effective date of the Underwriting Agreement hereinafter referred to under the caption "Underwriting Agreements".

The amount to be paid by the Company to each of the selling corporations for their respective properties was arrived at after negotiation between Messrs. H. N. Mallon and R. E. Reimer, President and Vice-President and Secretary-Treasurer, respectively, of Dresser, the sole stockholder of the selling corporations, and Mr. Lyle C. Harvey, President, General Manager and a Director of the Company and Mr. Norbert A. McKenna, a General Partner of Reynolds & Co. and a Director of the Company. The determination of such amounts was based upon the past and present combined earnings, the combined net worth and the combined working capital position of the selling corporations, the physical properties of the selling corporations, the relative position of the combined enterprise in the industry and an engineering survey made by Messrs. Sanderson & Porter. A copy of such engineering survey has been filed as an Exhibit to the Registration Statement.

Mr. Harvey was a Vice-President and Director of Dresser until July 21, 1948. Mr. Harvey is and was, at the time of such negotiations, President and General Manager and a Director of Bryant, Chairman of the Board of Directors and a Director of Payne, and Vice-Chairman of the Board of Directors and a Director of Day & Night.

Copies of each of the three agreements hereinabove referred to under this caption have been filed as Exhibits to the Registration Statement and reference is made to such Exhibits for full statements of the terms and provisions of such agreements. The foregoing information as to such terms and provisions is qualified in its entirety by such reference.

Bryant, Day & Night and Payne have executed an Agreement dated January 11, 1949, with the Company and with Reynolds & Co., individually and as Representative of the several Underwriters named in the Underwriting Agreement referred to under the caption herein entitled "Underwriting Arrangements", wherein, in order to induce the Company and the Underwriters to execute said Underwriting Agreement, Bryant, Day & Night and Payne jointly and severally represent and warrant that the statements with respect to them and each of them contained in the Registration Statement and Prospectus are true and correct and that there have been omitted from the Registration Statement and Prospectus no facts which would cause any of the statements therein with respect to Bryant, Day & Night and Payne or any of them to be materially inaccurate or misleading.

The Company has been advised by its counsel, Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer and Hazlett that the contingent liabilities of Bryant, Day & Night and Payne, under the aforesaid Agreement, in the event of the distribution of the proceeds of the sale of their

respective properties to their sole stockholder, Dresser, and their respective dissolutions as contemplated, will be imposed, by operation of law, upon Dresser, to the extent of the amount of such distribution received by it, and that such contingent liabilities will not be so imposed upon the Company.

A copy of the aforesaid agreement and opinion have been filed as Exhibits to the Registration Statement and reference is made to such Exhibits for a full statement of the terms and provisions of such agreement and opinion. The foregoing information as to such terms and provisions and opinion is qualified in its entirety by such reference.

STATEMENT OF NET BOOK VALUE OF COMMON STOCK

Giving effect to (a) the amendment to the Certificate of Incorporation of the Company, effective January 10, 1949, (b) the sale of 40,000 shares of \$3.00 Cumulative Preferred Stock, par value \$50.00 per share, with Non-Detachable Common Stock Purchase Warrants and 1,000,000 shares of Common Stock, par value \$1.00 per share, (c) the borrowing of \$4,000,000, and (d) the acquisition of all of the assets, subject to all of the liabilities, of Bryant, Day & Night and Payne for an aggregate purchase price of \$10,870,000, the aggregate net book value, on the basis of the pro forms balance sheet of the Company at October 31, 1948, of 1,000,000 shares of Common Stock would have been \$7,419,940, or \$7.42 per share.

No representation is made that the book values of assets indicate presently realizable or fair market values or that the net book value per share stated above would be realizable in the event of liquidation.

PROPERTY

The properties of Bryant, Day & Night and Payne consist of land and land improvements, buildings, machinery and other equipment acquired by the present owners or their predecessors, from time to time, through construction and through purchase of new and used properties and equipment. Expenditures to maintain the plants and equipment have been made continuously by the three corporations and the plants and equipment are regarded by the Company to be in good to excellent operating condition and entirely suitable for the purposes for which they are to be used by the Company.

The following is a schedule of fixed asset additions and retirements since 1942:

	Additions			Retirements		
Year	Bryant	Day & Night	Payne	Bryant	Day & Night	Payne
1942	 \$ 85,906	\$ 65,803	\$ 20,341	\$ 2,253	\$ 2.939	\$ 4,191
1943	 61,627	80.385	24,972	17,870	27,915	12,269
1944	 40,715	80,73 9	31,992	21,920	50,946	9,391
1945	 139,933	147,161(1)	33,275(2)	52,899	16,734(1)	7,906(2)
1946	 575,458	116,327	218,832	1.267	39,021	60,994
1947	 335.692	102,173	56,468	2,650	8,097	4,332
1948	274.183	408.588	35,905	3.103	15,345	1 <i>,77</i> 9

- (1) Ten months ended October 31, 1945.
- (2) Nine months ended October 31, 1945.

All of the plants to be acquired have railway side track connections. Insurance covering all reasonable risks is carried on all plants and equipment in amounts generally considered by the present owners to be adequate and the Company intends to continue such coverage in substantially the same amounts.

Bryant Heater Company

This corporation owns in fee approximately 9.8 acres of land in Cleveland, Ohio, upon which its principal plant is located. The buildings are of brick, steel and concrete construction and have a floor space of approximately 114,000 square feet. The main office and manufacturing plant were constructed in 1925. An addition to house research and engineering facilities was completed in 1945.

The plant equipment consists, generally, of a complete line of sheet metal, welding, painting and assembly equipment and machine tools for working medium and small size gray iron castings. The equipment has an average age of approximately twelve years and is in excellent condition.

Bryant has a renewable lease from year-to-year until February 28, 1952, on a plant of brick, wood and concrete construction, having a floor area of approximately 66,000 square feet, located at London Road, Cleveland, Ohio. This building is approximately thirty years old and is used chiefly for assembly purposes and has equipment consisting of jigs, fixtures and small tools, as well as a small number of sheet metal forming machines and welding machines.

In addition to the above mentioned manufacturing facilities, Bryant utilizes the facilities of the subcontractors for complete fabrication of certain of its products and partial fabrication

of other products. These two companies are located in central Ohio, and each has complete sheet metal fabricating equipment to manufacture Bryant products.

Bryant has a lease, expiring in November, 1961, with three options to renew of five years each, from Tyler Industrial Foundation, Inc. on a plant of brick and steel construction, having a floor area of approximately 117,000 square feet, located at Tyler, Texas. This plant was completed in 1946. According to the terms of the lease agreements, Bryant has the option to purchase the leased premises under certain conditions.

Day & Night Manufacturing Company

This corporation owns in fee approximately 15 acres of land at Monrovia, California upon which its plant is located. The buildings are principally of concrete and steel construction and have a floor area of approximately 125,000 square feet.

This plant is equipped with a complete line of sheet metal, welding, painting and assembly equipment, and other machines necessary for metal fabrication.

The Day & Night plant is a modern facility for the manufacture of water heaters, wall furnaces and space heaters. The equipment has an average age of less than 5 years and is in excellent condition. Day & Night has recently completed a two story, reinforced concrete addition to its main plant building at Monrovia, California, which provides 22,400 square feet of additional floor space.

Payne Furnace Company

This corporation owns in fee approximately 4.6 acres of land at Beverly Hills, California upon which its main plant and general offices are located. The buildings are of brick and concrete construction and have a floor area of approximately 163,000 square feet.

Payne's plant equipment consists of power shears, brakes, preases, welding machines and other machinery used in metal fabrication. Approximately 70% of the machinery has been acquired within the last 10 years. This plant equipment generally is in excellent condition.

In 1947, a plant addition, representing an expenditure of \$165,000, was completed, which permits complete production from raw materials to railroad loading under one roof.

CONTROL AND MANAGEMENT

The names and mailing addresses of the executive officers and directors of the Company are:

Lyle C. Harvey	2639 Belvoir Blvd., University Heights, Cleveland 18, Ohio	President, General Manager and Director
W. J. Bailey, Jr.	210 W. Orange Grove, Arcadia, Calif.	Vice President and Director
ElRoy L. Payne	1188 Coldwater Canyon, Beverly Hills, Calif.	Vice President and Director
Norbert A. McKenna	830 Park Avenue, New York, New York	Director
Francis H. Beam	2985 Morley Road, Shaker Heights, Cleveland, Ohio	Director
Philip W. Scott	3638 Lynnfield Rd., Cleveland 22, Ohio	Secretary and Treasurer

The Company intends to retain, so far as possible, the executive officers and employees of Bryant, Day & Night and Payne.

It is the intention of the Company to operate as three divisions, to be known as its Bryant Heater Division, Day & Night Division and Payne Furnace Division.

The Company has secured the services of Lyle C. Harvey, President and General Manager of Bryant, to act as its General Manager. It has entered into an Employment Agreement with Mr. Harvey, the more important provisions of which are as follows:

Mr. Harvey has agreed to serve as General Manager until December 31, 1953 and to devote his entire time to the business of the Company. The Company has agreed to pay Mr. Harvey for his services at the rate of \$48,000.00 annually. In addition, Mr. Harvey will participate in the Incentive Compensation Fund of the Company, which is outlined on page 21 of this Prospectus, to the extent of 12% of such Incentive Compensation Fund for each fiscal year during which he serves as General Manager. The Company may cancel the Employment Agreement with Mr. Harvey in the event that he is incapacitated and unable to perform his duties for a period of more than twelve consecutive months.

A copy of the aforesaid Employment Agreement has been filed as an Exhibit to the Registration Statement and reference is made to such Exhibit for a full statement of the terms and provisions of such Agreement. The foregoing information as to such terms and provisions is qualified in its entirety by such reference.

Lyle C. Harvey is 49 years of age. He has been associated with Bryant Heater Company since 1926 and has been President and General Manager for the past ten years. He has been active in the gas heating industry for more than twenty years. He has been a Director and Member of the Executive Committee of the American Gas Association and a Director and President of the Gas Appliance Manufacturers Association.

W. J. Bailey, Jr. is 34 years of age. He is President and General Manager of Day & Night. He has been employed by Day & Night for the past fourteen years. He held several positions with that corporation in the fields of advertising, purchasing and sales before being elected President and General Manager in March 1944.

ElRoy L. Payne is 53 years of age. He has been actively associated with the gas heating industry for over thirty years. He is now President and since 1915 has been General Manager of Payne and its predecessor companies. He has been President of the Pacific Coast Gas Association and is a member of several important American Gas Association Committees.

Norbert A. McKenna is a General Partner of Reynolds & Co.

Francis H. Beam is a Vice President of the National City Bank of Cleveland, Cleveland, Ohio.

Philip W. Scott is 37 years of age. He has been associated with Bryant since 1938 and has been Secretary-Treasurer since 1944. He is a member of the Ohio Bar. He is a Director and Vice President of the Controllers Institute of America, and a member of the Industry Advisory Committee of the U. S. Department of Commerce for the Warm Air Heating Equipment Industry.

It is the intention of the management of the Company, after the completion of this financing, to increase the Board of Directors of the Company to nine in number, and to recommend the election of the following as additional directors:

Mr. M. J. Fortier, who is Vice President and General Manager of the Sherwin Williams Company, Cleveland, Ohio;

Mr. Herbert W. Grindal, who is a General Partner of Reynolds & Co.;

Mr. H. N. Mallon, who is President of Dresser Industries, Inc. Cleveland. Ohio; and

Mr. William A. McAfee, who is a Partner of Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, Cleveland, Ohio.

Messrs. Fortier, Mallon, McAfee and Grindal have each informed the Company that they will serve as Directors, if and when elected as such.

Remuneration

The total remuneration paid by Bryant, Payne and Day & Night to their officers and directors during their last fiscal year ended October 31, 1948 was as follows:

		Brysat	Day & Night	Payne	Combined Enterprise
1.	Directors' Fees	None(a)	None	None(b)	None
2.	Officers' Salaries	\$ 79,750.00	\$ \$8,666.64	\$ 53,000.00	\$191,416.64
3.	Bonuses and Shares in Profits Paid to Direc- tors and Officers	83,070.00	51,894.00	26,623.00	161,587.00
4.	Other Remuneration Paid to Directors and Officers—Note (c)	6,733.08	2,834.26	4,384.14	13,951.48
5.	Total Remuneration	\$169,553.08	\$113,394.90	\$ 84,007.14	\$366,955.12

(a) The law firm of McAfee, Grossman, Taplin, Hanning, Newcomer and Haziett, counsel for Bryant, of which one director, William A. McAfee, is a member, received for legal services rendered to Bryant for the fiscal year ended October 31, 1948, the sum of \$250.00.

(b) Mr. Arthur L. Erb, legal counsel for Payne, and also a director of that company, received for legal services rendered to Payne for the fiscal year ended October 31, 1948, the sum of \$1,200.00.

(c) The amounts shown consist principally of contributions by the Selling Corporations pursuant to the Pension Plan of Dresser described at page 12 hereof, in effect during the fiscal year ended October 31, 1948.

The three corporations also contributed proportionate amounts, on behalf of their officers and directors, in connection with a Group Life Insurance Program in effect during the year ended October 31, 1948. It is impossible to determine the exact amount of such contributions, but in the aggregate the amount contributed did not exceed \$300.00.

The total Officers' Salaries and Directors' Fees proposed to be paid by the Company, on an annual basis, during the first twelve months after it commences operations is estimated as follows:

Directors' Fees \$ 6,000.00 Officers' Salaries \$150,000.00 Directors' fees are not payable to directors who are currently receiving salaries or other forms of compensation from the Company, including counsel fees.

It is impractical to estimate the amount of bonuses and other remuneration to be paid by the Company to its officers and directors during its first twelve months of operations. The amount of incentive compensation for the year ended October 31, 1948 that would have been available for distribution under the Incentive Compensation Plan recently adopted by the Company amounts to \$248,100 as compared to the aggregate amount of \$239,400 available for distribution (\$224,932 actually paid) under the plans in effect at October 31, 1948. Under his employment contract with the Company, Mr. Lyle C. Harvey, President and General Manager of the Company, would have received 12% of the fund, or \$29,772. Participation of other officers in the fund would have been determined, under the Plan, by the Board of Directors of the Company and, therefore, cannot be estimated. The Incentive Compensation Plan, the Group Life Insurance Plan, and the Pension Plan adopted by the Company are reviewed elsewhere herein and reference should be made to these reviews relative to determining the methods by which the amount of bonuses or other remuneration will be ascertained.

The following table sets forth the aggregate remuneration paid by Bryant. Day & Night and Payne during the fiscal year ended October 31, 1948, to the individuals who received in excess of \$20,000, and who will serve as officers and directors of the Company:

	Capacity in Which Remuneration	Aggregate Remuneration Received		Contributions Under	
	Received	Salary	Bosse	Pension Plan	
Lyle C. Harvey	Pres., Bryant	\$24,000.00	\$35,100.00	\$3,015.54	
ElRoy L. Payne	Pres., Payne	25,000.00	11,795.00	2,308.41	
William J. Bailey, Jr.	Pres., Day & Night	15,000.00	26,415.50	1,680.65	
Philip W. Scott	Secv. & Treas., Bryant	10,800.00	14.040.00	1.097.24	

The three corporations also contributed proportionate amounts, on behalf of the above individuals, in connection with a Group Life Insurance Program in effect during the year ended October 31, 1948. It is impossible to determine by individuals, or by groups, the exact amount of such contributions, but in the aggregate the amount contributed did not exceed \$200.00.

Employees' Stock Purchase Plan

The Board of Directors of the Company has approved a Stock Purchase Plan under which not exceeding 25,000 shares of Common Stock of the Company may be offered and sold from time to time to such officers, directors or employees (which officers or employees may also be directors) and at such price or prices, as the Board of Directors shall determine.

The Plan provides that the offering thereunder shall be made on or about January 31, 1949, and that the price per share upon such offering under the Plan shall be the same as the price per share at which the Company shall sell to the Underwriters the 1,000,000 shares of Common Stock covered by this Prospectus.

The Board of Directors have allocated the offering of 25,000 shares in the manner set forth below:

Name	Position	Number of Shares
L. C. Harvey	President, General Manager and Director	5,000
W. J. Bailey, Jr.	Vice President and Director	2,000
E. L. Payne	Vice President and Director	2,000
P. W. Scott	Secretary-Treasurer	2,000
W. G. Cartter	•	1,000
J. N. Crawford	•	1,000
C. F. Cushing	•	1,000
G. N. Gray	•	1,000
J. A. Hughes	•	1.000
R. J. Seltzer	•	1,000
W. R. Teller	•	1,000
F. E. Wood	•	1,000
D. Young	•	1,000
P. D. Bertholf	•	50 0
J. H. Keber	•	500
M. H. Laundon, Jr.	•	\$00
B. H. McGill	•	50 0
K. R. Ryan	<u> </u>	50 0
J. H. Swallow	<u>.</u>	500
R. D. Terhune	,	. 500
J. H. Willson W. H. Wise	•	500 500
W. C. Wolff		500 500
W. C. WOM	•	\ <u></u>

Each of these persons is a department head or other key employee of the Company, having specific duties and responsibilities. Inasmuch as the Company has not as yet commenced operations, no precise titles have as yet been assigned to the positions held by these persons.

25,000

The extent to which the above named offerees will accept the offers cannot be determined at this time. Under the terms of the plan the Board of Directors may withdraw in whole or in part the offer made to any offeree. Withdrawn shares may be reallocated to others originally selected for inclusion or to new offerees selected by the Board of Directors. Withdrawn shares may be included in any subsequent offering or offerings.

The plan provides for the entering into of a purchase contract. The offers to all offeress who have not entered into the purchase contract before the close of business on the "expiration date", as defined in the plan, automatically then expire.

Each purchase contract entered into under the Plan, whether upon the initial or a subsequent offering, is to contain provisions to the following effect:

- (a) That the total price payable thereunder shall be paid in ten equal installments of which the first shall be paid at the time of entering into the purchase contract and the remaining nine successively annually on March 25th thereafter; that the officer, director or employee shall have the right to prepay, at any time or times, any one or more installments in the order in which they become due, no such prepayment to accelerate the due date of any remaining installment; and that, as each installment is paid or prepaid, the number of shares which such installment shall suffice to pay for in full shall be issued to the officer, director or employee.
- (b) That, in the event of the death prior to full performance of the purchase contract, of the officer, director or employee, the personal representative(s) of the officer, director or employee shall have the right to terminate the purchase contract, to the extent unperformed at the date of death of the officer, director or employee, or to pay the entire amount representing such unperformed portion by a single payment to be made within six months of the date of such death.
- (c) That, in the event that the officer, director or employee, voluntarily or involuntarily, for any reason whatsoever, ceases to be such officer, director or employee of the Company, prior to the full performance of the contract, the unperformed portion of the contract shall be cancelled forthwith.
- (d) That, if the officer, director or employee fails to pay any installment on or prior to its due date and such failure shall continue for ninety days after such due date, the Company may, at its option, by action of its Board of Directors, while such failure shall be continuing, by notice in writing to the officer, director or employee, either (i) declare all remaining installments immediately due and payable, whereupon they shall so become; (ii) extend the time of payment of the defaulted installment; or (iii) cancel the purchase contract to the extent then unperformed.
- (e) That, if the Company shall fail to issue to the officer, director or employee any stock which, by the terms of the purchase contract, is then issuable to him and such failure shall continue for ninety days, the officer, director or employee may, at his option, while such failure shall be continuing, by notice in writing to the Company, either (i) cancel the purchase contract to the extent then unperformed or (ii) rescind the purchase contract in its entirety, in which event upon tender to the Company of such number of shares, duly endorsed and in proper form for transfer, as shall amount in the aggregate to those previously purchased and paid for under the purchase contract, he shall be entitled to receive from the Company, and the Company shall pay, an amount equal to the amount or aggregate of the several amounts paid by him for shares purchased under the purchase contract, with adjustment however on the basis of allowance to the officer, director or employee of interest at the rate of six per cent per annum and allowance to the Company for dividends paid, such allowance in each instance to be for the period or periods between the time or times of the purchase or purchases of the stock by the officer, director or employee and the time of its tender to the Company as provided above; provided, however, that the officer, director or employee shall not be entitled to elect to proceed under the foregoing provisions of this clause (ii) of this paragraph (e), and the Company shall be under no duty to make payment as provided thereby, if, at the time, the Company has insufficient surplus to permit of the making of the payment wholly therefrom, or if the making thereof would violate any then applicable provision of the law, or any provision of the Certificate of Incorporation of the Company as then in effect, or any provision of any indenture or agreement to which the Company may then be a party whether now or hereafter entered into.
- (f) The provisions referred to in paragraphs (d) and (e) above shall be without prejudice to the right of the Company or of the officer, director or employee to exercise any other or further right or remedy available at law or in equity.
- (g) An officer, director or employee shall not have the right to sell, assign or transfer any of his right, title and interest in and to the unperformed portion of his contract.

A copy of the Stock Purchase Plan and of the form of purchase contract to be used in connection with the initial offering are filed as Exhibits to the Registration Statement. Reference thereto is hereby made and this summary is qualified in its entirety by such reference.

Incentive Compensation Plan

The Board of Directors of the Company has adopted an Incentive Compensation Plan, under the terms of which the Company is required to accrue as of the close of each fiscal year and to pay, within 90 days thereafter, an Incentive Compensation Fund equal to ten percent of its net profits, after deducting all state and federal income taxes thereon, for the immediately preceding fiscal year. The computation of net profits is to be made without any deduction for the Incentive Compensation Fund, but the Incentive Compensation Fund is to be deducted in computing income taxes. The computation of the Incentive Compensation Fund is to be made each year, based upon the annual audit of the Company's independent auditors. The individuals who will receive distributions from the Incentive Compensation Fund, and the amount to be received by each, will be determined by the Board of Directors of the Company, based upon the recommendations of the President and General Manager, except that, under the terms of the Employment Agreement dated August 10, 1948, between the Company and Mr. Lyle C. Harvey, President and General Manager of the Company, Mr. Harvey is to receive 12% of the Incentive Compensation Fund within 90 days after the end of each fiscal year. Except as to Mr. Harvey, under the plan, the power is reserved to the Board of Directors of the Company to determine in any fiscal year that less than the prescribed amount of the fund shall be distributed, in which event the undistributed balance of the fund is returned to income but such amount is added to the fund for the succeeding

A copy of the Incentive Compensation Plan has been filed as an Exhibit to the Registration Statement. Reference thereto is hereby made and this summary is qualified in its entirety by such reference.

Indemnification

Subdivision 8 of Article "NINTH" of the Amended Certificate of Incorporation of the Company provides as follows:

"8. Any person made a party to any action, suit or proceeding by reason of the fact that he, his testator or intestate, is or was a director, officer, or employee of the Corporation or of any corporation which he served as such at the request of the Corporation, shall be indemnified by the Corporation against any and all reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of any such action, suit or proceeding, or in connection with any appeal therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such officer, director or employee is liable for negligence or misconduct in the performance of his duties. Such right of indemnification shall not be deemed exclusive of any other rights to which such director, officer or employee may be entitled apart from this provision. Any and all amounts payable by way of indemnity hereunder shall be determined and paid in such manner as may be provided in the By-Laws of the Corporation or by resolution of the Board of Directors or of the stockholders in a specific case."

In so far as the foregoing provision of the Certificate of Incorporation of the Company may permit indemnification for liabilities arising out of the Securities Act of 1933, as amended, the Company has been advised that the Securities and Exchange Commission is of the opinion that such a provision is against public policy as expressed in the Act and therefore unenforceable. In the event that a claim for such indemnification is asserted by an officer or a director under the foregoing provision, the Company, unless the question has already been determined by controlling pracedent, will submit to a court of competent jurisdiction the question whether such indemnification is against public policy as expressed in the Act and will be governed by the final adjudication of such issue. A copy of the Amended Certificate of Incorporation of the Company has been filed as an Exhibit to the Registration Statement.

DESCRIPTION OF FUNDED DEBT

The Company has entered into Loan Agreements dated January 6, 1949, respectively, with Massachusetts Mutual Life Insurance Company of Springfield, Mass., The Penn Mutual Life Insurance Company, of Philadelphia, Pa., and State Mutual Life Assurance Company of Worcester, Mass., respectively, providing for loans to the Company in the aggregate sum of \$4,000,000.00.

The foregoing loans are evidenced by Notes maturing on February 1, 1964 and bearing interest at the rate of 4% per annum from the date thereof until the maturity date, payable semi-annually

on the first days of February and August of each year, subsequent to the issuance of the Notes, and, after the maturity date, at the rate of 6% per annum until the principal amount has been paid in full.

On February 1 in each of the years 1950 to 1963 inclusive, so long as any principal of the Notes shall remain unpaid, the Company will pay, without premium, on the account of said principal, the sum of \$200,000.00 or, in the case of the final payment, the amount of the unpaid principal balance, if it shall be less than \$200,000.00, together with interest on the amount of the principal so paid to the date of payment. On April 15, 1951 and on April 15 of each year thereafter until (a) April 15, 1963, (b) the payment of an aggregate of \$2,000,000.00, or (c) the prepayment in full of the principal of the Notes, whichever is the earlier, the Company will pay, without premium, on the amount of the principal of the Notes a sum equal to whichever is the lesser of the unpaid principal balance of the Notes, or 10% of the net income (if any) after taxes of the Company for the preceding fiscal year.

On any date on which payment by the Company shall be required, the Company, on written notice, may prepay, without premium, on account of the principal of the Notes, a further amount equal to the amount so required to be paid on the particular date. On February 1, 1964 the Company will pay, without premium, the entire unpaid principal balance of the Notes, if any.

The Company may likewise, at any time, prepay the Notes in full, or from time to time, in part, in multiples of \$1,000.00, upon thirty days prior written notice, and, upon the payment of stipulated premiums, decreasing in rate from 334% to 34%, over the term of the Notes.

The Notes are not secured by the deposit of collateral.

In the Loan Agreements, the Company covenants, among other things, that:

- (a) The Company will maintain the excess of its current assets over its current liabilities at an amount at least equal to whichever is greater of (i) \$4,000,000, or (ii) 150% of the aggregate amount of its outstanding indebtedness due more than 12 months thereafter or extendable or renewable, at the option of the obligor, to a date more than 12 months thereafter. (For the determination of net current assets for the purpose of this clause, only wholly owned subsidiaries are considered.)
- (b) The Company will promptly pay and discharge all lawful taxes, assessments and governmental charges or levies imposed upon it or its income or profits, or any of its property, real, personal or mixed.
- (c) The Company will keep its corporate existence, rights and franchises in full force and effect and the Company will not, and will not permit any subsidiary to, without the written consent of the holder or holders of 75% in aggregate principal amount of the Notes then unpaid, sell, lease, transfer or otherwise dispose of all or substantially all of its properties or assets to, or consolidate or merge into, any other company, corporation, partnership or individual, with certain stipulated exceptions.
- (d) The Company will keep its properties in good repair, order and working condition and, from time to time, will make any needful and proper repairs, renewals, replacements, extensions, additions, betterments and improvements.
- (e) The Company will keep all its properties and inventories which are of an insurable character insured against loss or damage by fire and other risks.
 - (f) The Company will not incur other indebtedness, with certain stipulated exceptions.
- (g) The Company will not permit any mortgage, pledge, encumbrance, lien or charge of any kind upon any of its property or assets, with certain stipulated exceptions.
- (h) The Company will not make any loans or advances except to a subsidiary and will not permit any subsidiary to make any loans or advances except to any other subsidiary or to the Company, with certain stipulated exceptions.
- (i) The Company will not pay any dividends upon, make any distribution to, or purchase or otherwise acquire for a valuable consideration, any shares of its capital stock, if (i) any amount of principal or interest be due and payable, at the time, in respect of the principal of or interest on the Notes or (ii) the aggregate amount of dividends, including the proposed dividend, and capital stock acquisitions subsequent to October 31, 1948, shall exceed the sum of (a) the aggregate net income of the Company earned subsequent to October 31, 1948, (b) the aggregate net consideration received by the Company from the sale of capital stock subsequent to October 31, 1948 (other than the original issue of 1,000,000 shares of Common Stock and 40,000 shares of Preferred Stock with Warrants attached), and (c) the amount of \$620,000.

The Loan Agreements provide that, upon the written request of the respective lenders, the Company will execute and deliver a trust indenture providing for the issue thereunder of 4% debentures of the Company bearing interest at the rate and entitled to all substantive benefits of the Notes then outstanding, the debentures to be limited to the principal amount of the Notes outstanding on the actual date of the execution of the indenture. After the execution and delivery of such indenture, upon surrender of a Note by the holder thereof, the Company will deliver, without charge, in exchange therefor, a debenture or debentures in the aggregate principal amount equal to the unpaid principal amount of the Note so surrendered, having the same maturity date or dates as the Note so surrendered or of the same or a different authorized denomination or denominations and either in registered form without coupons or in coupon form, as such holder may elect, and bearing interest from the date to which interest shall have been paid on the Note so surrendered.

In case any event of default as defined in the Loan Agreements shall occur, the holder or holders of 10% of the Notes then unpaid may declare the unpaid balance of the Notes to be forthwith due and payable, in the manner and with the effect provided in the Loan Agreement.

The obligations of the lender under each Loan Agreement are subject, among other things, to the accuracy of and compliance with the representations and warranties of the Company contained therein, the approval of legal proceedings by counsel, the acquisition by the Company of the assets of Bryant, Day & Night and Payne, upon the terms and conditions set forth in this Prospectus and the sale by the Company of, and the receipt of payment for, 40,000 shares of its \$3.00 Cumulative Preferred Stock with Warrants attached and 1,000,000 shares of its Common Stock, upon the terms and conditions set forth in this Prospectus.

The time for the consummation of the loan, under each Loan Agreement, is to be such time prior to March 1, 1949, and at or after the aforesaid acquisition of assets, and the aforesaid sale of Preferred Stock and Common Stock, as the Company shall fix by prior written notice to the lender.

The foregoing statements are summaries of certain provisions of the Loan Agreements and do not purport to be complete. Reference is made to the copies of the Loan Agreements filed as Exhibits to the Registration Statement for the full provisions thereof. The foregoing statements are qualified in their entirety by such reference.

DESCRIPTION OF CAPITAL SHARES

The Amended Certificate of Incorporation of the Company authorizes the Company to issue 40,000 shares of \$3.00 Cumulative Preferred Stock of the par value of \$50.00 per share (hereinatter called the "Preferred Stock") and 2,000,000 shares of Common Stock of the par value of \$1.00 per share (hereinafter called the "Common Stock"). The following summary of the terms of the Preferred Stock and the Common Stock does not relate or give effect to provisions of statutory or common law and does not purport to be complete. It is subject in all respects to the provisions of the Amended Certificate of Incorporation, a copy of which has been filed as an Exhibit to the Registration Statement. Reference is hereby made to such Exhibit which is incorporated herein by reference and the information herein is qualified in its entirety by such reference.

PREFERRED STOCK

Dividends

Holders of Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors out of any funds of the Company at the time legally available for the payment of dividends, dividends at the rate of \$3.00 per annum, payable quarterly on March 20, June 20, September 20 and December 20, in each year (hereinafter referred to as "quarterly dividend dates"), before any dividend shall be declared or paid upon or set apart for any other stock of the Company ranking junior to the Preferred Stock; and such dividends on the Preferred Stock shall be cumulative from and after the date of issue.

So long as any Preferred Stock shall remain outstanding, no dividends (other than dividends payable in stock the rights of the holders of which shall be subject or subordinate to the rights of the holders of the Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up) shall be paid upon, nor shall any distribution be made to, any class of stock ranking junior to the Preferred Stock, nor shall any shares of any such junior class be purchased or otherwise acquired for valuable consideration by the Company or any subsidiary, nor shall any shares of any such class be redeemed by the Company, nor shall any moneys be paid or made available for any such purchase, acquisition or redemption of any shares of any such class of stock under any of the following circumstances:

- (i) If dividends in full on all outstanding shares of Preferred Stock for all past quarterly dividend periods and for the then current quarterly dividend period shall not have been paid or declared and set aside for payment; or
- (ii) If the Company shall have failed to set apart for, or apply to, the redemption or purchase of Preferred Stock all amounts, if any, then or theretofore required to be set apart or applied under any retirement or sinking fund provisions with respect to the Preferred Stock; or
- (iii) If the aggregate amount of payments for all dividends, distributions, purchases, acquisitions and redemptions as to any class of stock ranking junior to the Preferred Stock (including the payment to be then made, but excluding dividends payable in stock the rights of the holders of which shall be subject or subordinate to the rights of the holders of the Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up) made subsequent to February 1, 1949 shall exceed the sum of (a) Consolidated Net Income from and after February 1, 1949, after deduction therefrom of all dividends and all retirement or sinking fund requirements after February 1, 1949 on the Preferred Stock and on any class of stock ranking prior to or on a parity with Preferred Stock, (b) \$500,000, and (c) the aggregate net consideration received by the Company from the issue or sale, subsequent to February 15, 1949, of shares of any class of such junior stock; or
- (iv) If, as of June 30 or December 31, as the case may be, next preceding the date of payment for such dividend, distribution, purchase, acquisition or redemption, and after giving effect thereto and to all other such payments, distributions, purchases, acquisitions and redemptions paid since such next preceding June 30 or December 31, the sum of (a) the par or stated value of all the then outstanding shares of stock of the Company the rights of the holders of which shall be subject or subordinate to the rights of the holders of Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up and (b) the Consolidated Surplus, shall be less than 125% of the sum of (c) Consolidated Funded Debt and (d) the involuntary liquidation value of all then outstanding shares of Preferred Stock and of any class of stock ranking prior to or on a parity with the Preferred Stock.

If, at any time, the Company shall have failed to pay dividends in full on the Preferred Stock, thereafter and until dividends in full, including all accrued and unpaid dividends on the Preferred Stock outstanding, shall have been paid or declared and set apart for payment, neither the Company nor any subsidiary shall purchase any Preferred Stock except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of Preferred Stock, upon such terms as the Board of Directors, in their sole discretion, shall determine (which determination shall be final and conclusive).

Limitations in any Indentures or other Agreements on the Payment of Dividends

Under the Term Loan Agreements described under the caption herein entitled "Description of Funded Debt", the Company has agreed not to pay any dividends upon, make any distribution to, or purchase or otherwise acquire for a valuable consideration, any shares of its capital stock, if (a) any amount of principal or interest be due and payable, at the time, in respect of the principal of, or interest on the Notes or (b) the aggregate amount of dividends, including the proposed dividend, and capital stock acquisitions subsequent to October 31, 1948, shall exceed the sum of (i) the aggregate net income of the Company earned subsequent to October 31, 1948, (ii) the aggregate net consideration received by the Company from the sale of capital stock subsequent to October 31, 1948 (other than the original issue of 1,000,000 shares of Common Stock and 40,000 shares of Preferred Stock with Warrants attached), and (iii) the sum of \$620,000. In addition, under the Term Loan Agreements, the Company is required to maintain the excess of its current assets over its current liabilities at an amount at least equal to whichever is the greater of (i) \$4,000,000, or (ii) 150% of the aggregate amount of its outstanding indebtedness due more than 17 months thereafter or extendable or renewable at the option of the obligor to a date more than 12 months thereafter.

Liquidation Rights

In the event of any liquidation, dissolution or winding-up of the Company, before any payment or distribution of the assets of the Company (whether capital or surplus) shall be made to or set apart for any other class or classes of stock ranking junior to the Preferred Stock, the Preferred Stock shall be entitled to payment at the rate of \$50 a share, plus an amount equivalent

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to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to the holders of the Preferred Stock, and, in addition thereto, if such liquidation, dissolution or winding-up be voluntary, an amount equivalent to the premium per share of Preferred Stock that would then be payable, if the Preferred Stock were then redeemed for purposes other than the annual sinking fund referred to under the subheading "Sinking Fund".

Redemption

The shares of Preferred Stock are redeemable; and the premium payable upon their redemption (other than shares being redeemed for purposes of the annual sinking fund referred to under the subbeading "Sinking Fund") over and above the par value thereof and any dividends accrued thereon will be \$3.00 per share, if redeemed on or before January 15, 1953; \$2.25 per share, if redeemed thereafter and on or before January 15, 1958; and \$1.25 per share, if redeemed thereafter.

Preferred Stock which has been redeemed will be retired and may not be reissued.

Notice of any redemption is required to be given by mail and publication at least 30 days in advance of the date designated for redemption. In the case of a partial redemption, the shares to be redeemed are required to be selected by lot or pro rata to the nearest full share as the Board may determine.

Sinking Fund

The Preferred Stock shall be subject to the operation of an annual sinking fund as follows:

On or before the one hundred and twentieth day following the close of each fiscal year, commencing with the fiscal year ending in 1949, the Company shall retire, through purchase, redemption or otherwise, shares of Preferred Stock of a par value equivalent to 31/5% of the aggregate par value of the total number of shares of Preferred Stock issued prior to the close of the next preceding fiscal year, plus all sinking fund arrearages, if any. Shares of Preferred Stock so retired shall be cancelled and shall not be reissued. If more than the number of shares of Preferred Stock required to be retired on or before any such date as aforesaid shall be retired prior to such date, the excess of any portion thereof may be credited against any sinking fund arrearage, or, if there be no sinking fund arrearage, against the amount to be retired on or before any subsequent such date.

An opinion of any firm of independent public accountants of recognized standing (which may be the firm which regularly examines the financial statements of the Company) as to the amount required to be set aside on any such one hundred and twentieth day, shall be conclusive evidence thereof.

Preferred Stock to be redeemed by the Company for sinking fund purposes shall be redeemed in the manner provided therefor under the subheading "Redemption", provided, however, that the price per share payable upon the redemption of the Preferred Stock for the purpose of the annual sinking fund, over and above the par value thereof and any dividends accrued thereon, shall be \$1.75 per share, if redeemed on or before January 15, 1953; \$1.50 per share, if redeemed thereafter and on or before January 15, 1958; and \$1.25 per share, if redeemed thereafter.

Voting Rights

The holders of the Common Stock, with one vote for each share, shall have exclusive voting power for all purposes and the holders of the Preferred Stock shall have no voting rights whatsoever and shall not be entitled to notice of any meeting or of any action to be taken by the Company or by its stockholders, except as required by law and except as provided in the Amended Certificate of Incorporation.

Whenever dividends are in arrears on the Preferred Stock in an amount equal to or exceeding the amount thereof payable thereon for one year and thereafter until all dividends accumulated thereon shall have been paid in full, the holders of the Preferred Stock shall have, with respect to the election of directors, the exclusive right, voting separately as a class, to elect onethird of the Board of Directors, but in no event less than two such directors, and the remaining directors shall be elected by the other class or classes of stock entitled to vote therefor. At any time when the holders of Preferred Stock shall have such special voting power and before the next regular meeting for the election of directors, a special meeting of stockholders shall be called for the purpose of electing directors at the written request of the holders of record of at least 10% of the outstanding Preferred Stock. At any meeting so called or at any other meeting of stockholders held for the purpose of electing directors at which the holders of Preferred Stock have

such special voting power the presence in person or by proxy of at least one-third of the shares of outstanding Preferred Stock shall constitute a quorum of such class for the election of directors by the Preferred Stock as a class.

Preemptive or other Subscription Rights

Holders of the Preferred Stock have no preemptive or other rights to subscribe for any additional shares of the capital stock of the Company.

Liability for Further Calls or Assessments

The shares of Preferred Stock are full-paid and non-assessable and are not liable to further calls or assessments.

Conversion Rights

The Preferred Stock carries no conversion privileges.

Other Special Provisions

So long as any Preferred Stock shall be outstanding, the Company shall not, without the affirmative vote, at a meeting, of the holders of at least two-thirds of the shares of the Preferred Stock then outstanding, do any of the following things:

- (i) Create any other class of stock which shall rank prior to the Preferred Stock or increase the authorized number of shares of any such other class of stock;
- (ii) Change, alter, amend, or repeal in any manner the express terms and provisions hereof applicable to the Preferred Stock; or
- (iii) Authorize any reclassification of the Preferred Stock or a liquidation, dissolution or winding-up of the Company, or a consolidation or merger of the Company, or a disposal by sale, exchange, lease, or in any other manner of all or substantially all of the property and assets of the Company;

provided, however, that the provisions of clause (iii) above shall not apply to, nor shall it operate to prevent, a consolidation or merger of the Company with another corporation, if (a) after the consummation of such consolidation or merger, (1) the resulting or surviving corporation (which may be the Company or another corporation) will have, after such merger or consolidation, no stock either authorized or outstanding ranking prior to or on a parity with the Preferred Stock or other stock issued in substitution or exchange therefor, except the same or a lesser number of shares of stock, with the same terms and provisions, as the stock or stocks of the Company ranking prior to or on a parity with the Preferred Stock authorized and outstanding immediately prior to such merger or consolidation, and (2) each holder of shares of Preferred Stock immediately prior to such merger or consolidation shall retain or receive the same number of shares of the resulting or surviving corporation having the same terms and provisions as the shares of Preferred Stock held by such holder, and (3) the resulting or surviving corporation and its subsidiaries do not have outstanding, immediately after such merger or consolidation, Funded Debt, preferred stock or common stock in an aggregate amount greater than is then permitted under the provisions of the second succeeding paragraph below and (b) none of the assets of the Company shall be distributed in connection with such consolidation or merger.

The Company shall not, without the affirmative vote, at a meeting, of the holders of at least a majority in amount of the Preferred Stock then outstanding, create any class of stock which shall rank on a parity with the Preferred Stock, or increase the authorized number of shares of any such class of stock or of the Preferred Stock.

So long as any of the Preferred Stock remains outstanding, the Company, without the affirmative vote, at a meeting, of the holders of at least two-thirds of the shares of Preferred Stock of all series then outstanding, shall not do any of the following things:

- (i) Create, incur, issue, assume or guarantee, or permit any subsidiary to create, incur, issue, assume or guarantee, any Funded Debt, except in connection with the renewal or extension of Funded Debt in amount not exceeding the principal amount of Funded Debt so renewed or extended, and, in the case of subsidiaries, except Funded Debt to the Company or a wholly-owned subsidiary; or
- (ii) Permit any subsidiary to issue any preferred shares except to the Company or to a wholly-owned subsidiary, or to issue any common shares, unless the Company or its wholly-owned subsidiaries, if any, or both, shall acquire sufficient thereof so that the proportion of such common shares thereafter outstanding owned by the Company or such subsidiaries, if

any, or both, shall not be less than the proportion of common shares theretofore outstanding owned by the Company or its subsidiaries, if any, or both; or

- (iii) Issue any shares of Preferred Stock or of any class of stock ranking prior to or on a parity with the Preferred Stock; or
- (iv) Sell or otherwise dispose of, or permit any subsidiary to sell or otherwise dispose of, except to the Company or a subsidiary, any Funded Debt or shares of stock of a subsidiary unless (a) all Funded Debt and shares of stock of such subsidiary then owned by the Company and its subsidiaries shall be disposed of simultaneously therewith and (b) immediately prior to such disposal such subsidiary shall not have owned any Funded Debt or shares of stock of the Company or its subsidiaries;

unless, as of June 30, or December 31, as the case may be, next preceding the date of such issuance, creation, incurrence, assumption, guarantee, sale or other disposition, and after giving effect thereto and to any other such issuance, creation, incurrence, assumption, guarantee, sale or other disposition, occurring since such next preceding June 30, or December 31, the sum of (a) the par or stated value of all the then outstanding shares of stock of the Company the rights of the holders of which shall be subject or subordinate to the rights of the holders of Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up and (b) the Consolidated Surplus shall be at least 125% of the sum of (c) Consolidated Funded Debt and (d) the involuntary liquidation value of all then outstanding shares of Preferred Stock and of any class of stock ranking prior to or on a parity with the Preferred Stock.

Definitions

The Amended Certificate of Incorporation provides that, for the purpose of the provisions in the Amended Certificate of Incorporation relative to the Preferred Stock:

- (a) The term "subsidiary" shall mean (i) any corporation the greater portion of the business of which is transacted, or the greater portion of the assets of which is located, within the territorial limits of the United States of America (including Alaska but not including any other territorial possessions) or within the territorial limits of the Dominion of Canada, and of which the Company, directly or indirectly, owns or controls such number of shares of outstanding stock as at the time shall have by the terms thereof ordinary voting power to elect a majority of the Board of Directors of such corporation, irrespective of whether or not at the time stock of any other class or classes of such corporation shall or might have voting power by reason of the happening of any contingency, and (ii) any corporation of which such number of shares of outstanding stock of the character described in the foregoing clause (i) shall at the time be owned or controlled, directly or indirectly, by the Company and any subsidiary as defined in the foregoing clause (i) or by one or more such subsidiaries;
- (b) The term "wholly-owned subsidiary" shall mean (i) any subsidiary of which the Company, directly or indirectly, owns or controls at the time all of the outstanding stock, except directors' qualifying shares and (ii) any subsidiary of which all of the outstanding stock, except directors' qualifying shares, shall at the time be owned or controlled, directly or indirectly, by the Company and any wholly-owned subsidiary as defined in the foregoing clause (i) or by one or more such wholly-owned subsidiaries;
- (c) The term "Consolidated Balance Sheet" shall mean the balance sheet of the Company or a consolidated balance sheet of the Company and its subsidiaries, if any, prepared in accordance with generally accepted principles of accounting, except that, at the option of the Company, there need not be consolidated any subsidiary which is not required to be consolidated in accordance with generally accepted principles of accounting;
- (d) The term "Consolidated Net Income" shall mean the balance remaining applicable to the Company after deducting from earnings and other income and profits of the Company or consolidated earnings and other income and profits of the Company and its subsidiaries, if any, all expenses and charges of every proper character, all as determined from time to time in accordance with generally accepted principles of accounting; provided that, there shall not be included in any such determination any profits or losses of any subsidiary which would not be required, in accordance with generally accepted principles of accounting, to be consolidated in a consolidated balance sheet prepared as of the date of such determination;
- (e) The term "Funded Debt" shall mean all indebtedness, direct or guaranteed, other than indebtedness incurred in the ordinary course of business and maturing by its terms within twelve months from the date of incurring the same; except that there shall not be included in Funded Debt any indebtedness for the payment or redemption of which at maturity or on a redemption date sums shall have been deposited in trust;

- (f) The term "Consolidated Funded Debt" shall mean the sum of (i) all Funded Debt of the Company and its subsidiaries, if any, after eliminating all inter-company items, plus (ii) the amount payable on involuntary liquidation with respect to preferred shares of subsidiaries, if any, not owned by the Company or other subsidiaries, if any, and (iii) the proportion of net assets applicable to minority interests evidenced by common shares in subsidiaries, if any, all as computed from a consolidated balance sheet and as determined in accordance with generally accepted principles of accounting;
- (g) The term "Consolidated Surplus" shall mean the sum of earned surplus and paid-in capital surplus of the Company and its subsidiaries, if any, as determined from the balance sheet of the Company or, if the Company shall have subsidiaries, then from a consolidated balance sheet in accordance with generally accepted principles of accounting;
- (h) The term "outstanding", when used in reference to shares of stock, shall mean issued shares, excluding shares held by the Corporation or a subsidiary;
- (i) The amount of dividends "accrued" on any share of Preferred Stock as at any quarterly dividend date shall be deemed to be the amount of any unpaid dividends accumulated thereon to and including such quarterly dividend date, whether or not earned or declared, and the amount of dividends "accrued" on any share of Preferred Stock as at any date other than a quarterly dividend date shall be calculated as the amount of any unpaid dividends accumulated thereon to and including the last preceding quarterly dividend date, whether or not earned or declared, plus an amount equivalent to interest on the par value of such share at the annual dividend rate for the period after such last preceding quarterly dividend date to and including the date as of which the calculation is made;
 - (j) Any class or classes of stock of the Company shall be deemed to rank
 - (i) Prior to the Preferred Stock, if the holders of such class or classes shall be entitled in respect of dividends or upon liquidation, dissolution or winding-up to receive amounts in preference or priority to the holders of the Preferred Stock;
 - (ii) On a parity with the Preferred Stock (whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share thereof be different from those of the Preferred Stock), if the holders of such class or classes of stock shall be entitled in respect of dividend or upon liquidation, dissolution or winding-up to receive amounts in proportion to their respective dividend rates or liquidation prices without preference or priority one over the other with respect to the holders of the Preferred Stock;
 - (iii) Junior to the Preferred Stock, if the rights of the holders of such class or classes shall be subject or subordinate to the rights of the holders of the Preferred Stock in respect of the receipt of dividends or amounts distributable upon liquidation, dissolution or winding-up.

The Company will reimburse the holders of shares of Preferred Stock who are residents of Pennsylvania for personal property taxes which shall be assessed in Pennsylvania upon such shares, not exceeding, however, in the aggregate, eight mills per annum on each dollar of the taxable value of each such share of Preferred Stock; provided that such tax shall have been actually paid by such holders and application for reimbursement made in the manner prescribed therefor in the Amended Certificate of Incorporation.

COMMON STOCK

Dividenda

Whenever at any time full cumulative dividends for all past dividend periods and for the then current dividend period shall have been paid or declared and set apart for payment on the then outstanding Preferred Stock, and, after complying with all the provisions with respect to the annual sinking fund for the Preferred Stock, the Board of Directors may declare and pay dividends on the Common Stock, subject to the limitations on the payment of dividends on any class or classes of stock junior to the Preferred Stock referred to under the subheading "Dividends" under the heading "Preferred Stock".

Limitations in any Indentures or other Agreements on the Payment of Dividends

Under the Term Loan Agreements described under the caption herein entitled "Description of Funded Debt", the Company has agreed not to pay any dividends upon, make any distribution

to, or purchase or otherwise acquire for a valuable consideration, any shares of its capital stock, if (a) any amount of principal or interest be due and psyable, at the time, in respect of the principal of, or interest on the Notes or (b) the aggregate amount of dividends, including the proposed dividend, and capital stock acquisitions subsequent to October 31, 1948, shall exceed the sum of (i) the aggregate net income of the Company earned subsequent to October 31, 1948, (ii) the aggregate net consideration received by the Company from the sale of capital stock subsequent to October 31, 1948 (other than the original issue of 1,000,000 shares of Common Stock and 40,000 shares of Preferred Stock with Warrants attached), and (iii) the sum of \$620,000. In addition, under the Term Loan Agreements, the Company is required to maintain the excess of its current assets over its current liabilities at an amount at least equal to whichever is the greater of (i) \$4,000,000, or (ii) 150% of the aggregate amount of its outstanding indebtedness due more than 12 months thereafter or extendable or renewable at the option of the obligor to a date more than 12 months thereafter.

Voting Rights

The holders of the Common Stock, with one vote for each share (except for cumulative voting at elections of Directors), shall have exclusive voting power for all purposes and the holders of the Preferred Stock shall have no voting rights whatsoever and shall not be entitled to notice of any meeting or of any action to be taken by the Company or by its stockholders, except as required by law and except as provided in the Amended Certificate of Incorporation as herein-above indicated under the sub-caption "Preferred Stock." At all elections of Directors, however, each holder of Common Stock is entitled to as many votes as shall equal the number of his shares of stock multiplied by the number of Directors to be elected and such holder may cast all of such votes for a single Director or may distribute them among the number to be voted for, or any two or more of them, as such holder may see fit.

Liquidation Rights

Upon any liquidation, dissolution or winding-up of the Company, after payment shall have been made in full to the Preferred Stock as provided under the subheading "Liquidation Rights" under the heading "Preferred Stock", but not prior thereto, the holders of the Common Stock shall be entitled to share ratably in any and all assets remaining to be paid or distributed to the exclusion of the holders of the Preferred Stock.

Preemptive or other Subscription Rights

Holders of the Common Stock have no preemptive or other rights to subscribe for any additional shares of capital stock of the Company.

Liability to Further Calls or Assessments

The shares of Common Stock are full-paid and non-assessable and are not liable to further calls and assessments.

Other Provisions

The Common Stock carries no conversion privileges and it is not subject to redemption.

WARRANTS FOR THE PURCHASE OF COMMON STOCK AND SCRIP CERTIFICATES

Each certificate representing shares of \$3.00 Cumulative Preferred Stock will have attached a non-detachable Warrant for the purchase of Common Stock of the Company. The Warrants will initially provide for the right to purchase one share of Common Stock for each share of Preferred Stock, at the purchase price of \$11.25 per share as stated on the face of the Warrants.

The Warrants will be exercisable in whole and not in part and will become void after January 15, 1954 or upon acquisition by the Company through redemption or otherwise of the shares of Preferred Stock to the certificates for which the Warrants are attached. The Warrants will contain provisions designed to protect them against dilution in certain events, including stock dividends, the change as a whole of the Common Stock into the same or different number of shares, with or without par value, or into shares of any other class or classes of stock, and the issuance of stock with respect to the Common Stock, pursuant to the terms of a consolidation or merger of the Company, with, or a transfer by the Company of its property as an entirety to, another corporation, and the number of shares receivable upon the exercise of the Warrants may be adjusted from time to time in accordance with such provisions. The Company is not to be required to issue fractional shares of Common Stock upon exercise of the Warrants. The holder of a Warrant shall be entitled, upon exercise thereof, to receive a scrip certificate in

bearer form with respect to the fraction of a share purchased upon exercise of a Warrant. Such scrip certificate may at any time prior to the close of business on the 31st day of December in the second calendar year after the date of issue be combined with other scrip certificates and be exchanged for one or more full shares of the Common Stock, subject to the terms and conditions of the scrip certificates. Neither the holders of the Warrants nor of the scrip certificates are to have, by reason of their ownership thereof, any rights as a stockholder or any rights to dividends or other distribution. Reference is made to page 4 of this Prospectus for information as to the use of proceeds derived from the sale of shares of Common Stock pursuant to the exercise of the Warrants.

\$50 of the consideration of \$50.10 per unit to be received by the Company for the 40,000 shares of Preferred Stock with Non-Detachable Warrants is to be credited to the Preferred Stock Capital Account and the balance of 10¢, the consideration for the Warrant, is to be credited to the Capital Surplus Account. The payment of \$134,000 for services of the Underwriters in connection with the financing is to be charged against the Capital Surplus Account.

Of the consideration to be received for each share of the Common Stock offered hereby, and for each share of the Common Stock issued upon the exercise of the Warrants, \$1.00 is to be credited to Common Stock Capital Account and the balance, after deducting the expenses in connection with the issue, will be credited to the Capital Surplus Account.

UNDERWRITING ARRANGEMENTS

The Company has entered into an Underwriting Agreement with the several Underwriters named below whereby the Company has agreed, on the terms of and subject to the conditions specified in such Agreement, to sell to the Underwriters severally an aggregate of 40.000 shares of \$3.00 Cumulative Preferred Stock with non-detachable Common Stock Purchase Warrants and 1,000,000 shares of Common Stock and the several Underwriters have severally agreed, on the terms of and subject to the conditions specified in such Agreement, to purchase from the Company the respective numbers of shares of Preferred Stock with Non-Detachable Warrants and Common Stock set forth below opposite the respective names of such Underwriters, at the respective purchase prices hereinafter specified:

Names of the Several Underwriters	Addresses	Number of Shares of Preferred Stock with Non-Detachable Warrants to be Purchased	Number of Shares of Common Stock to be Purchased
Reynolds & Co.	120 Broadway New York 5, N. Y.	3,200	80,000
A. C. Allyn & Company, Inc.	100 West Monroe Street Chicago 3, Ill.	1,350	35,000
Arthurs, Lestrange & Klima	Union Trust Building Pittsburgh 19, Penna.	100	2,500
Auchincloss, Parker & Redpath	729 15th Street, N.W. Washington 5, D. C.	400	10,000
Ball, Burge & Kraus	Union Commerce Building Cleveland 14, Ohio	640	16,000
Biddle, Whelan & Co.	1606 Walnut Street Philadelphia 3, Penna.	80	2,000
Bioren & Co.	1508 Walnut Street Philadelphia 2, Penna.	100	2,500
Blair & Co., Inc.	44 Wall Street New York 5, N. Y.	400	10,000
Boenning & Co.	1606 Walnut Street Philadelphia 3, Penna.	320	8,000
Bond & Goodwin, Inc.	63 Wall Street New York 5, N. Y.	200 -	5,000
Branch, Cabell & Company	814 East Main Street Richmond 17, Va.	300	7,500
Brooke & Co.	15th & Locust Streets Philadelphia 2, Penna.	200	5,000
Buckley Securities Corporation	1420 Walnut Street Philadelphia 2, Pa.	80	2,000

Names of the Several Underwriters	Addresses	Number of Shares of Preferred Stock with Non-Detachable Warrants to be Purchased	Number of Shares of Common Stock to be Purchased
Burr & Company, Inc.	57 William Street New York 5, N. Y.	100	2,500
Butcher & Sherrerd	1500 Walnut Street Philadelphia 2, Penna.	500	12.500
H. M. Byllesby & Company, Incorporated	135 South LaSalle Street Chicago 3, Ill.	100	2,500
Cohů & Co.	1 Wall Street New York 5, N. Y.	200	5,00 <u>0</u>
George R. Cooley & Co., Inc.	100 State Street Albany 7, N. Y.	200	5,000
Crouse & Company	Penobscot Building Detroit 26, Michigan	200	5 ,00 0
S. K. Cunningham & Co., Inc.	Commonwealth Building Pittsburgh 22, Penna.	200	5,000
Paul H. Davis & Co.	10 South LaSalle Street Chicago 3, Ill.	. 800	20,000
Dempsey-Tegeler & Company	407 North 8th Street St. Louis 1, Mo.	100	2,500
Dittmar & Company	South Texas Building San Antonio 6, Texas	400	10,000
Dixon & Company	1411 Chestnut Street Philadelphia 2, Penna.	100	2,500
Doolittle & Co.	Liberty Bank Building Buffalo 2, N. Y.	120	3,000
Drexel & Co.	1500 Walnut Street Philadelphia 1, Penna.	1,350	35,000
Francis I. duPont & Co.	1 Wall Street New York 5, N. Y.	160	4,000
Eastman, Dillon & Co.	15 Broad Street New York 5, N. Y.	1,450	37,500
A. G. Edwards & Sons	409 N. Eighth Street St. Louis 1, Mo.	80	2,000
Emanuel, Deetjen & Co.	52 William Street New York 5, N. Y.	100	2,500
Clement A. Evans & Co. Inc.	First National Bank Building Atlanta 3, Georgia	20 0	5,000
Farwell, Chapman & Co.	208 South LaSalle Street Chicago 4, Ill.	400	10,000
Ferris & Company	Washington Building Washington 5, D. C.	120	3,000
First California Company	300 Montgomery Street San Francisco 20, Calif.	400	10,000
The First Cleveland Corp.	National City Bank Building Cleveland 14, Ohio	400	10,000
Fraser, Phelps & Co.	Hospital Trust Building Providence 3, R. I.	80	2,000
M. M. Freeman & Co., Inc.	262 S. 15th Street Philadelphia 2, Penna.	120	3,000
Glover & McGregor, Inc.	Union Trust Building Pittsburgh 19, Penna.	200	5,000
Grubbs, Scott & Company, Inc.	Union Trust Building Pittsburgh 19, Penna.	80	2,000
Hallowell, Sulzberger & Co.	111 South Broad Street Philadelphia 7, Penna.	80	2,000
Harriman Ripley & Co., Incorporated	63 Wall Street New York 5, N. Y.	1,700	45,000

Names of the Several Underwriters	Addresses	Number of Shares of Preferred Stock with Non-Detachable Warrants to be Purchased	Number of Shares of Common Stock to be Purchased
Hayden, Stone & Co.	25 Broad Street New York 4, N. Y.	1,350	35,000
Hill, Richards & Co.	621 South Spring Street Los Angeles 14, Calif.	200	\$,000
Hornblower & Weeks	40 Wall Street New York 5, N. Y.	1,200	30,000
Harold H. Huston & Co.	Hoge Building Seattle 4, Wash.	200	5,000
Jenks, Kirkland & Co.	1421 Chestnut Street Philadelphia 2, Penna.	160	4,000
Edward D. Jones & Co.	300 North 4th Street St. Louis 2, Mo.	1,000	10,000
Kay, Richards & Company	Union Trust Building Pittsburgh 19, Penna.	200	5,000
Kidder, Peabody & Co.	17 Wall Street New York 5, N. Y.	1,450	37,500
H. G. Kuch & Company	Widener Building Philadelphia 7, Penna.	80	2,000
Laird, Bissell & Meeds	Du Pont Building Wilmington 99, Del.	200	5,000
Lee Higginson Corporation	40 Wall Street New York 5, N. Y.	1,350	35,000
Laurence M. Marks & Co.	49 Wall Street New York 5, N. Y.	1,450	37,500
The Marshall Company	762 North Water Street Milwaukee 2, Wisc.	200	5,000
Mason-Hagan, Inc.	1108 E. Main Street . Richmond 10, Va.	120	3,000
Mason, Moran & Company	135 S. LaSalie Street Chicago 3, 11i.	460	11,500
A. E. Masten & Company	First National Bank Building Pittsburgh 22, Penna.	200	5,000
Merrill, Turben & Co.	Union Commerce Building Cleveland 14, Ohio	300	7,500
The Milwaukee Company	207 East Michigan Street Milwaukee 2, Wisc.	400	10,000
Moroney, Beissner & Co.	812 Rusk Avenue Houston 2, Texas	8 0	2,000
W. H. Newbold's Son & Co.	1517 Locust Street Philadelphia 2, Penna.	140	3,500
Newburger & Co.	1342 Walnut Street Philadelphia 7, Penna.	200	5,000
Pacific Company of California	623 South Hope Street Los Angeles 14, Calif.	300	7,500
Paul & Lynch .	123 South Broad Street Philadelphia 9, Penna.	80	2,000
Peltason, Tenenbaum Co.	803 Landreth Building St. Louis 2, Mo.	200	5,000
Penington, Colket & Co.	123 S. Broad Street Philadelphia 9, Penna.	160	4,000
Piper, Jaffray & Hopwood	115 South 7th Street Minneapolis, Minn.	800	20,000
Prescott, Hawley, Shepard & Co., Inc.	114 Guardian Building Cleveland 14, Ohio	200	5,000

	Names of the Several Underwriters	Aldreses	Number of Shares of Preferred Stock with Non-Detachable Warrants to be Purchased	Number of Shares of Common Stock to be Purchased
	Putnam & Co.	6 Central Row Hartford 4, Conn.	200	5,000
	Rambo, Close & Kerner, Inc.	1518 Locust Street Philadelphia 2, Penna.	120	3,000
	Reed, Lear & Co.	Grant Building Pittsburgh 19, Penna.	80	2,000
	Irving J. Rice & Company, Inc.	First National Bank Building St. Paul 1, Minn.	80	2,000
-	H. A. Riecke & Co., Inc.	1528 Walnut Street Philadelphia 2, Penna.	80	2,000
	E. H. Rollins & Sons, Incorporated	40 Wall Street New York 5, N. Y.	1,350	35,000
	A. J. Sailer & Co.	113 South 5th Street Philadelphia 6, Penna.	80	2,000
	Scherek, Richter Company	Landreth Building St. Louis 2, Mo.	100	2,500
	Shields & Company	44 Wall Street New York 5, N. Y.	800	20,000
	Sills, Minton & Company, Incorporated	209 South LaSalle Street Chicago 4, Ill.	480	12,000
	I. M. Simon & Co.	315 North 4th Street St. Louis 2, Mo.	200	5,000
	Singer, Deane & Scribner	Union Trust Building Pittsburgh 19, Penna.	300	7,500
	Smith, Hague & Co.	Penobscot Building Detroit 26, Mich.	400	10,000
	Stein Bros. & Boyce	6 South Calvert Street Baltimore 2, Md.	480	12,000
	Stifer, Nicolaus & Company, Incorporated	314 North Broadway St. Louis 2, Mo.	200	5,000
	Stix & Co.	509 Olive Street St. Louis 1, Mo.	100	2,500
	Strader, Taylor & Co., Inc.	Peoples National Bank Building Lynchburg, Va.	200	5,000
	Straus & Blosser	135 South LaSalle Street Chicago 3, Ill.	600	15,000
	Sutro & Co.	407 Montgomery Street San Francisco 4, Calif.	480	12,000
	Sweney, Cartwright & Co.	Huntington Bank Building Columbus 15, Ohio	100	2,500
	Thayer, Baker & Co.	Commercial Trust Building Philadelphia 2, Penna.	80	2,000
ij	Union Securities Corporation	65 Broadway New York 6, N. Y.	1,450	37,500
	Wagenseiler & Durst, Inc.	626 South Spring Street Los Angeles 14, Calif.	240	6,000
	G. H. Walker & Co.	1 Wall Street New York 5, N. Y.	1,350	35,000
	Harold E. Wood & Company	First National Bank Building St. Paul 1, Minn.	200	5,000
	Woodcock, McLear & Co.	1518 Walnut Street Philadelphia 2, Penna.	100	2,500
	Wurts, Dulles & Co.	1416 Chestnut Street Philadelphia 2, Penna.	160	4,000
		•	40,000	1,000,000

The purchase price per unit or share which the Underwriters are to pay to the Company for the units of Preferred Stock with Non-Detachable Warrants and shares of Common Stock purchased by them is \$50.10 and \$8.00, respectively.

The Company is to pay the Underwriters, in consideration of services rendered by the Underwriters in connection with the financing, \$134,000, or a sum equivalent to \$3.35 per unit, for each of the 40,000 units of Preferred Stock with Warrants attached. Based upon the amount to be paid by the Underwriters to the Company for the 40,000 units of Preferred Stock with Warrants attached and the public offering price of such 40,000 units set forth on the cover page of this Prospectus, the net amount to be received by the Underwriters from the Company in this connection will be \$130,000, or a sum equivalent to \$3.25 per unit.

None of the above Underwriters controls, is controlled by, or is in common control with, the Company. However, attention is called to the facts that, as stated under the caption "The Promotion of the Company", Reynolds & Co. may be deemed to be the "promoter" of the Company, as that term is defined in the General Rules and Regulations of the Securities and Exchange Commission, that Mr. Norbert A. McKenna, a General Partner of Reynolds & Co., is a director of the Company and that Mr. Herbert W. Grindal, a General Partner of Reynolds & Co., may become a director of the Company.

Payment for and delivery of the 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1,000,000 shares of Common Stock to be purchased from the Company is to be made on a closing date (to be designated by Reynolds & Co., as Representative of the several Underwriters, hereinafter called the "Representative") not later than seven days after the first day of the public offering, unless a later date is agreed to or unless the Representative elects to postpone the closing pursuant to a right to do so, under certain conditions, conferred upon it in the Agreement.

Reference is made to the caption "Application of Proceeds" in respect of the Company's plan to purchase the assets, subject to certain liabilities, of Bryant, Day & Night and Payne, by means of demand notes for an aggregate of \$10,870,000, with payment of such notes to be made out of the proceeds from the payment by the Underwriters for the Preferred Stock and the Common Stock and the proceeds of the Term Loans described under the caption "Description of Funded Debt".

The Underwriting Agreement provides that the several obligations of the Underwriters are subject to certain conditions, including approval by counsel of the legality of the Preferred Stock and the Common Stock, as well as of certain other legal matters, and there being no material adverse change prior to the closing date in the financial position or general affairs of the Company, other than changes in the regular course of business, from that set forth in the Registration Statement and in this Prospectus, or except as referred to in the Registration Statement and in this Prospectus.

Underwriters who have agreed to purchase, on the terms of and subject to the conditions specified in the Underwriting Agreement, in the aggregate at least 40% of the shares of Preferred Stock and Common Stock agreed to be sold, may also in its or their own unrestricted discretion cancel and terminate their rights and any obligations that they may have under the Underwriting Agreement by notice to the Company at any time up to the effective date of the Underwriting Agreement.

The Underwriting Agreement provides that it shall become effective at 10:00 A.M., Eastern Standard Time, on the seventh day (excluding any Saturday, Sunday or legal holiday) following the date upon which the Registration Statement becomes effective or at 6:00 P.M., Eastern Standard Time, on the day on which the Representative shall first release any newspaper advertisement relating to the Preferred Stock and the Common Stock for publication on the succeeding day, whichever shall be the earlier; such time and date being defined in the Underwriting Agreement as the "effective date" thereof. Accordingly, the Underwriters will not become irrevocably bound to purchase the Preferred Stock and Common Stock until the aforesaid effective date.

The transaction will not be consummated unless all of the 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1,000,000 shares of Common Stock to be sold by the Company are purchased by the Underwriters.

The Underwriting Agreement contains provisions whereby (a) the Company agrees to indemnify each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Securities Act against certain types of civil liability arising in connection with the Registration Statement or this Prospectus or under the "Blue Sky" laws of certain states; and (b) each Underwriter similarly agrees to indemnify the Company and each of its officers and directors, and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act against certain types of civil liability arising in connection with the Registration Statement or this Prospectus or under the "Blue Sky" laws of certain states with respect to written information furnished to the Company by such Underwriter for the purpose.

By the Underwriting Agreement, the Underwriters have agreed, subject to the terms and conditions thereof, to make a public offering not later than the seventh full business day after the effective date of the Registration Statement, of the 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1,000,000 shares of Common Stock to be sold by the Company.

Reference is made to the caption in this Prospectus entitled "Terms of Offering" for the prices and manner of such public offering.

The Company has agreed to pay all expenses incidental to the performance of its obligations under this Agreement; and to pay, to the extent of \$6,000, subject to certain conditions, any expenses that may be incurred by the Underwriters in connection with qualifying or registering the Preferred Stock with Non-Detachable Warrants and the Common Stock for sale under the laws of the various states.

The Company has agreed, subject and subsequent to the purchase by the Underwriters of the 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1,000,000 shares of Common Stock, and subject to funds being lawfully available therefor, that the Board of Directors of the Company will declare a dividend of 221/6 per share on the Common Stock, payable on April 1, 1949 to the holders of record on March 15, 1949.

The Company has agreed, at the request of the Representative within two years, and subject to the purchase by the Underwriters of the 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1,000,000 shares of Common Stock, at the Company's expense, promptly to use its best efforts to procure the listing, on such National Securities Exchange or Exchanges as the Representative may specify, of the shares of Preferred Stock (with Non-Detachable Warrants, to the extent that such Warrants are then outstanding) and Common Stock and for their registration under the Securities Exchange Act of 1934, as amended. The Representative has informed the Company that it intends to request the Company to list the shares of Preferred Stock and Common Stock on the New York Stock Exchange within such two year period and as soon as, in the opinion of the Representative, a sufficiently broad distribution of the Preferred Stock and Common Stock has been effected.

The Company has agreed to pay Reynolds & Co. 1%, or \$40,000, of the principal amount of the Term Loans referred to under the caption "Description of Funded Debt" for services in connection with negotiating such Term Loans; such payment to be made in two equal installments, payable at the time of the consummation of the Term Loans and one year thereafter. A copy of such agreement is filed as an Exhibit to the Registration Statement.

Reference is made to the caption "Control and Management", wherein it is stated that Mr. Norbert A. McKenna, a General Partner of Reynolds & Co., is a director of the Company and that Mr. Herbert W. Grindal, a General Partner of Reynolds & Co., may become a director of the Company. In so far as the Underwriting Agreement may permit indemnification of Mr. McKenna and Mr. Grindal (if he should become a director) for liabilities arising under the Securities Act of 1933, as amended, or for the breach by the Company of any of its warranties set forth in the Underwriting Agreement, the Company has been advised that, in the opinion of the Securities and Exchange Commission, it is against public policy, as expressed in that Act, and therefore unenforceable. In the event that a claim for indemnfication as aforesaid is asserted by the Representative against the Company, the Company, unless the question has already been determined by controlling precedent, will submit to a court of appropriate jurisdiction the question whether such indemnification, to the extent of Mr. McKenna's and Mr. Grindal's participation therein, is against public policy as expressed in the Act and will be governed by the final adjudication of such court on such issue. Reference is also made to the caption "Indemnification".

For the complete provisions of the Underwriting Agreement, reference is hereby made to a copy thereof filed as an Exhibit to the Registration Statement and which is incorporated herein by reference. The foregoing summary is qualified in its entirety by such reference.

TERMS OF OFFERING

The Company is advised as follows:

The 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1,000,000 shares of Common Stock to be purchased by the Underwriters from the Company, pursuant to the Underwriting Agreement, will be initially offered, severally by the Underwriters, for sale at the respective initial public offering prices stated on the cover page of this Prospectus, when, as and if issued and delivered, and subject to the approval of legal proceedings by counsel, to allotment and prior sale, to withdrawal, cancellation or modification of the offering without notice, and to the further terms of offering herein set forth. Such shares may subsequently be offered at a price or prices other than the respective initial public offering prices to the extent that in the discretion of Reynolds & Co., as Representative of the Underwriters, changes in market conditions render desirable such other price or prices.

All or a part of the aforesaid 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1,000,000 shares of Common Stock may be offered to members of a Selling Group, consisting of certain dealers (in which any or all of the Underwriters may be included), and of which, if formed, Reynolds & Co. is to be the Manager. If Reynolds & Co. decides that such a Selling Group be formed the proposed members thereof are to be afforded the opportunity of entering subscriptions with the Manager, subject to allotment by the Manager, for the purchase of the Preferred Stock with Non-Detachable Warrants and Common Stock severally from one or more of the Underwriters at the respective initial offering price, less a concession of not in excess of \$2.00 per unit in the case of the Preferred Stock with Non-Detachable Warrants and 75¢ per share in the case of the Common Stock. If such a Selling Group is formed, the Selling Group Agreement (hereinafter called the "Selling Agreement") will provide that (1) out of such concessions members may reallow to any dealer who is a member of the National Association of Securities Dealers, Inc., not in excess of 25¢ per unit of the Preferred Stock with Non-Detachable Warrants and per share of the Common Stock, respectively, if it is to be retained by such dealer and not reallowed in whole or in part; (2) all or any part of such concessions may be allowed by members on sales to Reynolds & Co., acting for the accounts of the several Underwriters, and, after the subscription books have been closed, all or any part of the concession may be allowed by members on sales to other members or to Underwriters; and (3) the Sciling Group is to terminate on the twentieth day after the initial public offering date, unless extended by the Manager for a period of not more than ten days; provided, however, that the Manager may terminate the Selling Group at any time. The Selling Agreement will likewise provide that each member, at any time or times prior to the termination thereof, will, upon request of the Manager sell to the Manager, at the respective initial public offering prices thereof less amounts to be determined by the Manager, but not in excess of the respective selling concession, as many of the shares which were purchased by such member and which remain unsold as the Manager may designate.

The Underwriters have agreed that, if a Selling Group is formed in connection with the Preferred Stock with Non-Detachable Warrants and Common Stock, the Underwriters, in making direct sales of any Preferred Stock with Non-Detachable Warrants and Common Stock will be governed by the terms and conditions applicable to members of the Selling Group. If there shall be no Selling Group, the Underwriters, in making direct sales of Preferred Stock with Non-Detachable Warrants and Common Stock prior to the termination of the Agreement Among Underwriters or such earlier time as Reynolds & Co. may fix, will sell such shares at the respective initial public offering prices. During such period the Underwriters, on sales to qualified dealers, may reallow not in excess of 25¢ per unit of the Preferred Stock with Non-Detachable Warrants and per share of the Common Stock, respectively, and, on sales to Reynolds & Co. may fix, on sales to other Underwriters, may allow a concession of not in excess of \$3.25 per unit in the case of the Preferred Stock with Non-Detachable Warrants and \$1.25 per share in the case of the Common Stock.

The Selling Agreement contains a provision that the aggregate concession payable to Selling Group Members in respect of units or shares purchased and paid for by them will be held by the Manager for the account of such members and will be paid to them after the termination of such Agreement, except that, as to any units or shares delivered to respective members thereunder and units or shares which the Manager believes have been substituted therefor which for the account of any Underwriter the Manager may purchase or contract to purchase prior to the termination of such Agreement, or which may be delivered against a purchase contract made by the Manager for the account of any Underwriter, prior to the termination of such Agreement, the Manager shall not be obligated to pay the concession to which the Selling Group Member would have been entitled if such units or shares had been placed with persons who had retained them.

The Representative is authorized by the Agreement Among Underwriters, for their several accounts, to over-allot and to buy and sell shares of Preferred Stock with Non-Detachable Warrants (which shares of Preferred Stock, either with or without Warrants attached, are hereinafter under the caption "Terms of Offering", sometimes referred to as the "Preferred Stock") and Common Stock, in the open market or otherwise, in each case for either long or short account and at such respective prices as the Representative in its discretion deems desirable, it being understood that such purchases and sales shall be made for the account of each of the Underwriters as nearly as practicable in proportion to the number of shares of Preferred Stock and Common Stock which each Underwriter has severally agreed to purchase; provided, however, that at no time shall the commitment of any Underwriter pursuant to such authorization, for long or short account, exceed 10% of the number of shares of Preferred Stock and Common Stock which each Underwriter has severally agreed to purchase as indicated under the caption "Underwriting Arrangements", except that each Underwriter has agreed to assume its proportionate share of the commitment pursuant to such authorization of any Underwriter which defaults in its obligations. Each Underwriter has agreed

to sell to the Representative, upon its request, for the several accounts of the Underwriters, during the term of the Agreement Among Underwriters and at the respective initial public offering prices, less amounts to be determined by the Representative, but not in excess of the respective selling concessions, all or any part of the shares of Preferred Stock and Common Stock which then remain unsold, if in the opinion of the Representative such action is desirable in order to enable the Representative, on behalf of the several Underwriters, to deliver Preferred Stock and Common Stock for their account pursuant to such Agreement. Each Underwriter has agreed that it will, upon request, take up at cost until the settlement of accounts under the Agreement, for carrying purposes only, shares purchased by the Representative for its account, and upon the request of the Representative, that it will deliver to the Representative shares sold for its account through overallotment or otherwise. The Representative is to have full discretionary power to pay commissions in connection with such purchases and sales as it may deem proper and to charge the respective accounts of the Underwriters with any such commissions on purchases and sales effected by it. Such Agreement is to terminate twenty days after the termination of the Selling Agreement, unless extended for a period of not more than ten days from such date, provided, however, that the Representative may terminate such Agreement at any time.

The purpose of the provisions referred to in the foregoing paragraph is to facilitate the offering of the Preferred Stock and Common Stock, by effecting transactions in the Preferred Stock and Common Stock in the manner set forth above, for the purpose of attempting to stabilize the price thereof. The 40,000 shares of Preferred Stock and 1,000,000 shares of Common Stock represent new issues of securities, for which there has not previously existed any market, and the Underwriters may be initially a dominating influence and thereafter a factor of decreasing importance in markets for the Preferred Stock and Common Stock. Under such circumstances, the respective market or bid or asked prices of such shares may not be prices determined solely by supply and demand, but may be prices in excess thereof, determined by the Underwriters in their own interest in connection with the distribution. If stabilizing transactions are effected, at the expiration of the stabilization period such markets may cease to have the support theretofore furnished by the Underwriters. The foregoing is not an assurance that the prices of the Preferred Stock and Common Stock will be stabilized or that the stabilizing, if commenced, may not be discontinued at any time.

Each Underwriter has agreed that, during the term of the Agreement Among Underwriters, it will make no purchases or sales of Preferred Stock and Common Stock for its own account (other than shares of Preferred Stock and Common Stock which it has agreed to purchase and which are not sold to Selling Group Members) except with the consent of the Representative; but such agreement does not extend to unsolicited brokerage transactions.

In accordance with the Agreement Among Underwriters, Reynolds & Co., as compensation for services rendered and to be rendered to the Underwriters, is to receive from each Underwriter amounts equal to 25¢ and 15¢, respectively, per share on the number of shares of Preferred Stock and Common Stock which each Underwriter has agreed to purchase as herein set forth.

For the complete provisions of the Agreement Among Underwriters and of the Selling Agreement, reference is made to the copies thereof filed as Exhibits to the Registration Statement and which are incorporated herein by reference. The foregoing summaries are qualified in their entirety by such reference.

LITIGATION

No material legal proceedings are pending in which the Company, Bryant, Day & Night or Payne are parties and so far as is known to the Company or to the officers of Bryant, Day & Night and Payne, no such proceedings are contemplated.

LEGAL OPINIONS

The legality of the Preferred Stock, the Common Stock and the Common Stock Purchase Warrants will be passed upon for the Company by Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, Midland Building, Cleveland 15, Ohio, and for the Underwriters by Messrs. Townsend & Lewis, 120 Broadway, New York 5, New York.

EXPERTS

The balance sheet of Affiliated Gas Equipment, Inc. as of October 31, 1948, and the financial statements and schedules of Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company as of or for the period of three years ended October 31, 1948, included in the Registration Statement, as listed under the heading "Index to Financial Statements", and the information contained in the Prospectus under the caption "Summary of Combined Earnings"

23.0

with respect to (1) Bryant Heater Company for the periods from January 1, 1939 to October 31, 1948, (2) Day & Night Manufacturing Company for the periods from January 1, 1945 to October 31, 1948, and (3) Payne Furnace Company for the periods from February 1, 1945 to October 31, 1948, have been included by the Company herein and in the Registration Statement in reliance upon the reports of Messrs. Ernst & Ernst, independent public accountants, given upon the authority of such firm as experts in auditing and accounting. Said firm will receive fees for services rendered to the Company. According to the information furnished to the Company by said firm, neither the firm nor any member thereof has or is to receive any interest of a substantial nature in, or is an officer or employee of the Company or any affiliate thereof, or has been employed upon a contingent basis.

The engineering survey of the business and assets of Bryant, Day & Night and Payne referred to on Page 15 of this Prospectus, was prepared by Messra. Sanderson & Porter, engineers. Said firm has informed the Company it has no interest of a substantial nature in the Company, that it is not to receive any interest as payment for any statement prepared or certified by it, that no partner or employee of Messra. Sanderson & Porter is an officer or employee of the Company, and that it has not been employed on a contingent basis.

INDEX TO FINANCIAL STATEMENTS

The following financial statements and schedules are included in the Prospectus:

Unaudited	
Pro forms balance sheet giving effect as of October 31, 1948, to the proposed purchase of all the assets subject to all the liabilities of Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company by Affiliated Gas Equipment, Inc. and to certain other transactions	Page 42-43
Audited	
Affiliated Ges Equipment, Inc.	
Balance sheet	41
Bryant Heater Company Day & Night Manufacturing Company Payne Furnace Company	•
Balance sheets	42-43
Profit and loss statements:	
Year ended October 31, 1948 Year ended October 31, 1947 Year ended October 31, 1946	45 46 47
Statements of surplus	48
Supplementary profit and loss information:	
Year ended October 31, 1948 Year ended October 31, 1947 Year ended October 31, 1946	51 52 53

The following schedules are omitted from the Prospectus, but have been filed with the Registration Statement:

Bryant Heater Company Day & Night Manufacturing Company Payne Furnace Company

Property, plant, and equipment

Reserves for depreciation and amortization of property, plant, and equipment

Reserves

Capital shares

1:4(4

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ACCOUNTANTS' REPORTS

Board of Directors, Affiliated Gas Equipment, Inc., Cleveland, Ohio.

We have examined the balance sheet of Affiliated Gas Equipment, Inc. as of October 31, 1948. Our examination was made in accordance with generally accepted auditing standards, and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet presents fairly the financial position of Affiliated Gas Equipment, Inc. at October 31, 1948, in conformity with generally accepted accounting principles.

ERNST & ERNST
Certified Public Accountants

Cleveland, Ohio November 22, 1948

Board of Directors, Affiliated Gas Equipment, Inc., Cleveland, Ohio.

We have examined the individual and combined balance sheets of Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company as of October 31, 1948, the individual and combined statements of profit and loss and surplus of those companies for the period of three years then ended, and the schedules listed in the accompanying index. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheets and related statements of profit and loss and surplus present fairly the individual and combined financial position of Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company at October 31, 1948, and the individual and combined results of their operations for the period of three years then ended, in conformity with generally accepted accounting principles consistently maintained except that charges for overall management services were not included during 1948, as outlined in Note C to the financial statements. Further, it is our opinion that the schedules previously referred to present fairly the required information.

We also have reviewed the amounts included in the tabulation of net sales and operating results (set forth in the Prospectus under the heading "Summary of Combined Earnings") with respect to (1) Bryant Heater Company for the periods from January 1, 1939 to October 31, 1948, (2) Day & Night Manufacturing Company for the periods from January 1, 1945 to October 31, 1948, and (3) Payne Furnace Company for the periods from February 1, 1945 to October 31, 1948. which tabulation, as to the periods referred to in the first paragraph, was compiled from the financial statements included herewith and reported on above, and as to the periods (1) from January 1, 1939 to October 31, 1945, with respect to Bryant Heater Company, (2) from January 1, 1945 to October 31, 1945, with respect to Day & Night Manufacturing Company, and (3) from February 1, 1945 to October 31, 1945, with respect to Payne Furnace Company was compiled from financial statements of those companies examined by us in a manner similar to that reported on above. In the compilation of this tabulation, allocation has been made, to the years affected, of certain adjustments which were previously reflected in earned surplus in the period in which determined. In our opinion, the tabulation with respect to Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company, for the respective periods covered by our examinations of the financial statements of those companies, presents fairly the summarized results of their operations in conformity with generally accepted accounting principles consistently maintained except that charges for overall management services were not included during 1948. as outlined in Note C to the financial statements.

ERNST & ERNST
Certified Public Accountants

Cleveland, Ohio January 4, 1949

BALANCE SHEET AFFILIATED GAS EQUIPMENT, INC.

October 31, 1948

ASSETS

Deferred expenses in connection with organization and registration-estimated

\$35.000

LIABILITIES AND CAPITAL

Liabilities:

-::-

• 11

\$85,000

Capital Stock-Note B:

Common stock, par value \$1.00 a share: Authorized—2,000,000 shares Issued —None

\$85,000

Note A—Reference is made to the Prospectus for information (1) relative to agreements with Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company for the purchase of all of the assets and assumption of all of the liabilities of each of those corporations as of October 31, 1948, subject to adjustments resulting from the operations of the respective corporations subsequent thereto and prior to the consummation of the respective purchases, and (2) relative to agreements with insurance companies for long-term loans in the aggregate principal amount of \$4,000,000.

Note B—Prior to the effective date of the Registration Statement, 40,000 shares of \$3.00 Cumulative Preferred Stock will be authorized by an amendment to the Certificate of Incorporation of the Company. Reference is made to the statements in this Prospectus under the caption "Description of Capital Shares" for information as to the terms and provisions of such Cumulative Preferred Stock.

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BALANCE SHEETS OF BRYANT HEATER COMPANY, DAY & NIGHT MANUFACTURING COMPANY, AND PAYNE FURNACE COMPANY, AND COMBINED BALANCE SHEET OF SUCH COMPANIES

All as of October 31, 1948

PRO FORMA BALANCE SHEET OF AFFILIATED GAS EQUIPMENT, INC. (Giving effect as of October 31, 1948, to the proposed transactions described in the notes hereto)

					Proposed T	ransactions	Balance Sheet of Affiliated
		Balance Sheets as	of October 31, 194	16	Debit	Credit	Gas Equipment,
	Bryant Heater Company	Day & Night Manufacturing Company	Payne Fernace Company	Combined	Refe	(Parenthetical Numbers Refer to Accompanying Notes)	
ASSETS					· · · · · · · · · · · · · · · · · · ·		
Current Assets							
Cash	\$ 747,347	\$ 360,763	\$ 185,521	\$ 1,293,631	\$10,004,000(2)	\$10,870,000(5)	
Accounts receivable—trade	e 1 017 010	0 1 164 407	e 000.046	\$ 3,991,492	4,000,000(3)	1,600,000(6)	\$ 2,827,631
Less reserves	\$ 1,837,039 27,186	\$ 1,164,407 26,908	\$ 990,046 50,780	104,874			\$ 3,991,492
Licas reserves	27,100	20,500	30,760	104,074			104,874
	\$ 1,809,853	\$ 1,137,499	\$ 939,266	\$ 3,886,618			\$ 3,886,618
Accounts receivable—parent and affiliated companies	22,700	512	1,189	24,401		2,530(7)	21,871
Inventories-Note A:	•						
Finished products and parts	\$ 810,129	\$ 553,174	\$ 1,187,524	\$ 2,550,827			\$ 2,550,827
In-process products and parts	2,172,710	258,148	236,998	2,667,856			2,667,856
Raw materials and supplies	577,584	1,032,592	390,053	2,000,229			2,000,229
	\$ 3,560,423	\$ 1,843,914	\$ 1,814,575	\$ 7,218,912			\$ 7,218,912
		4 1,043,514	4 1,017,373	4 7,210,512			→ 7,210,912
Total Current Assets	\$ 6,140,323	\$ 3,342,688	\$ 2,940,551	\$12,423,562			\$13,955,032
Other Assets		• •					• • • • • • • • • • • • • • • • • • • •
Miscellaneous receivables, etc	6,153	21,914	3,021	31,068			31,088
Fixed Assets-Note B	-•		•	•			
(The excess (\$755,271) of the aggregate purchase price over the carrying amount of the net assets acquired (as shown by the books of the respective companies) was allocated to property, plant and equipment accounts.)		,			·		
Property, plant, and equipment	\$ 2,282,439	\$ 1,161,825	\$ 912,803	\$ 4,357,067	755,271(1)	1,558,829(1)	3,553,509
Less reserves for depreciation and amortization	867,347	312,501	378,981	1,558,829	1,558,829(1)		
mand Minad Anna		0.0000		\$ 2,798,238			
Total Fixed Assets	\$ 1,415,092	\$ 849,324	\$ 533,822	\$ 2,790,230			
Deferred Charges Prepaid insurance, deferred taxes, etc	\$ 55.982	\$ 57,706	\$ 31,493	\$ 145,181	40,000(4)		\$ 185,181
Tooling expense	35.952 27,859	\$ 57,706	74,927	102,786	40,000(4)		102,786
rooming expense	27,039			100,000			
Total Deferred Charges	\$ 83,841	\$ 57,706	\$ 106,420	\$ 247,967			\$ 287,967
	\$ 7,645,409	\$ 4,271,632	\$ 3,583,814	\$15,500,855			\$17,827,5%
	\$ 7,043,409	4 4,55 1,055	# 5,565,611	****	_		Bullion
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LIABILITIES, CAPITAL SHARKS, AND SURPLI	US				•		
Demand promissory notes payable					\$10,870,000(5)	\$10,870,000(1)	
Accounts payable	\$ 664,360	\$ 378,776	\$ 184,276	\$ 1,227,412	410,000,000	4.00.0000(.)	\$ 1,227,412
Notes and accounts payable—parent and affiliated companies	55,110	553,140	1,054,441	1,662,691	2,530(7)		
Accrued liabilities:	33,110	333,140	1,037,771	1,006,091	1,600,000(6)		60,161
Pay rolls and other compensation	\$ 228,433	\$ 259,144	\$ 151,339	\$ 638,916	0,014,100(1)		\$ 638,916
Taxes, other than taxes on income	14,583	59,641	37,242	111,466			111,466
InterestOther	52,153 43,086	21,072		52,153 133,767		293,630(4)	52,153 427, 3 97
	\$ 338,255	3 339,857	\$ 258,190	\$ 936,302		2>0,000(1)	\$ 1,229,932
Federal taxes on income—estimated	845,310	523,411	191,000	1,559,721			1,559,721
Total Current Liabilities	\$ 1,903,035	\$ 1,795,184	\$ 1,687,907	\$ 5,386,126			\$ 4,077,226
Long-Term Debt Notes payable maturing in installments of varying					•		
amounts from February 1, 1950 to February 1, 1964						4,000,000(3)	4,000,000
Capital Shares and Surplus							
Capital shares:							
Original preferred stock, par value \$10.00 a share: Authorized and outstanding 15,000 shares		\$ 150,000		\$ 150,000	150,000(1)		
7% preferred stock, par value \$10.00 a share:				100,000	185 000(4)		
Authorized and outstanding 17,500 shares 6% preferred stock, par value \$10.00 a share:		175,000	•	175,000	175,000(1)	•	•
Authorized 32,500 shares; outstanding 16,375							
shares		163,750		163,750	163,750(1)		
\$3.00 cumulative preferred stock, par value \$50.00 a share:							
Authorized and outstanding 40,000 shares						2,000,000(2)	\$ 2,000,000
Common stock, without par value: Authorized and outstanding 500 shares							
Stated Capital	\$ 500			500	500(1)		
Common stock, par value \$10.00 a share:	-	F0 000		£0.000	£0.000/11		
Authorized and outstanding 5,000 shares Common stock, par value \$1.00 a share:		50,000		50,000	50,000(1)		
Authorized and outstanding 25,000 shares			\$ 25,000	25,000	25,000(1)		
Common stock, par value \$1.00 a share: Authorized 2,000,000 shares							
Outstanding 1,000,000 shares						1,000,000(2)	1,000,000
	\$ 500	\$ 538,750	\$ 25,000	\$ 564,250			\$ 3,000,000
Surplus:	e 1 100 054		\$ 886,148	\$ 2,075,102	2.075,102(1)	7,004,000(2)	
Capital surplus	\$ 1,188,954	•	•	• • •	253,630(4)	7,007,000(2)	6,750,370
Earned surplus	4,552,920	1,937,698-		7,475,377	7,475,377(1)		
Total Carled Chance as \$ 0 and	\$ 5,741,874	\$ 1,937,698	\$ 1,870,907 \$ 1,895,907	\$ 9,550,479 \$10,114,729			\$ 9,750,370
Total Capital Shares and Surplus	\$ 5,742,374 \$ 7,645,409	\$ 2,476,448 \$ 4,271,632	\$ 1,895,907 \$ 3,583,814	\$15,500,855			\$17,827,596
	₹ 7,043,409	4 7,6/1,036	4 0,000,017	413,300,033			

See Notes to Financial Statements and Proposed Transactions Given Effect to in the pro forma Balance Sheet.

AFFILIATED GAS EQUIPMENT, INC.

Proposed Transactions Given Effect to in the Pro Forms Balance Sheet as of October 31, 1948

The proposed transactions to which effect has been given in the pro forma balance sheet are as follows:

(1) The purchase by Affiliated Gas Equipment, Inc., as of October 31, 1948, of all the assets, subject to all the liabilities, of Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company for an aggregate purchase price of \$10,870,000, to be evidenced by demand promissory notes. The excess of the aggregate purchase price over the carrying amount of the net assets acquired (as shown by the books of the respective companies) was allocated to property, plant and equipment accounts, as follows:

Land	\$ 28,167
Buildings	309,825
Machinery, equipment, etc.	417,279
Total	\$755,271

For the purpose of recording this adjustment, the capital stock accounts and surplus accounts (representing excess of assets over liabilities) of Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company have been eliminated.

- (2) The sale by Affiliated Gas Equipment, Inc. of (1) 1,000,000 shares of its Common Stock, par value \$1.00 a share, at \$9.25 a share less underwriting commissions of \$1.25 a share, and (2) 40,000 shares of \$3.00 Cumulative Preferred Stock, par value \$50.00 a share at \$50.10 a share.
- (3) The borrowing of \$4,000,000 by Affiliated Gas Equipment, Inc. evidenced by notes payable maturing in installments of varying amounts from February 1, 1950 to February 1, 1964. Reference is made to the section "Description of Funded Debt" elsewhere in the Prospectus.
- (4) Provision for (a) estimated expenses, excepting underwriting discounts or commissions, of Affiliated Gas Equipment, Inc. in the total amount of \$119,630 in connection with the organization of the Company, the acquisition of assets, the Term Loans and the issuance and distribution of the securities offered by this Prospectus, (b) the payment of \$134,000 to be made by the Company to the Underwriters for services rendered by the Underwriters in connection with the financing, and (c) the \$40,000 commission which the Company has agreed to pay to Reynolds & Co. for negotiating the Term Loans. The aforesaid commission of \$40,000 has been recorded herein as a deferred charge.
 - (5) The payment of demand promissory notes. See Note (1).
 - (6) The payment of notes payable to Dresser Industries, Inc.
- (7) The elimination of inter-company accounts between Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company.

PROFIT AND LOSS STATEMENTS Year ended October 31, 1948

	Bryant Heater Company	Day & Night Manufacturing Company	Payne Furnace Company	Combined
Gross sales, less discounts, returns and allowances—Note D	\$14,886,552	\$9,058,615	\$5,226,093	\$29,171,260
and G	11,270,452	6,254,948	3,385,218	20,910,618
	\$ 3,616,100	\$2,803,667	\$1,840,875	\$ 8,260,642
Selling, engineering, general and administrative expenses—Notes C, E, F, and G Provision for doubtful accounts	\$ 1,920,178	\$1,434,494	\$1,304,941 25,746	\$ 4,659.613 25,746
	\$ 1,920,178	\$1,434,494	\$1,330,687	\$ 4,685,359
	\$ 1,695,922	\$1,369,173	\$ 510,188	\$ 3,575,283
Other income:				
Adjustments to reserve for doubtful accounts and property and related reserves to conform to income tax basis Interest earned	\$ 130,245 3,228 87	\$ — 179 6,365	\$	\$ 130,245 7,148 7,992
	\$ 133,560	\$ 6,544	\$ 5,281	\$ 145,385
	\$ 1,829,482	\$1,375,717	\$ 515,469	\$ 3,720,668
Other deductions:				
Interest expense	\$ 63,825	\$ 5,801	\$ 16,759	\$ 8 6, 3 85
assets—net	1,590 22	1,634 14,596	142* 81	3,082 14,699
	\$ 65,437	\$ 22,031	\$ 16,698	\$ 104,166
Profit Before Federal Taxes On Income	\$ 1,764,045	\$1,353,686	\$ 498,771	\$ 3,616.502
Federal taxes on income-estimated:				
Provision for the year	\$ 620,000 50,239	\$ 514.000 1,804	\$ 191,000 6,855*	\$ 1,325,000 45,188
·	\$ 670,239	\$ 515,804	\$ 184,145	\$ 1,370,183
Net Profit—Note C	\$ 1,093,806	\$ 837,882	\$ 314,626	\$ 2.246,314

[•] Indicates red figures.

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See notes to financial statements.

PROFIT AND LOSS STATEMENTS Year ended October 31, 1947

	Bryant Heater Company	Day & Night Manufacturing Company	Payne Furnace Company	Combined
Gross sales, less discounts, returns and allowances—Note D	\$11,986,642	\$6,784,713	\$5,178,323	\$23,949,678
Cost of goods sold—Notes A, D, E, F, and G	9,026 <i>,7</i> 75	4,813,494	3,121. 2 01	16.961,470
•	\$ 2,959,867	\$1,971,219	\$2,057,122	\$ 0,988,208
Selling, engineering, general and administrative expenses—Notes E, F, and G Provisions for doubtful accounts	\$ 1,458,395	\$ 962,589 17,698	\$1,208,513 24,599	\$ 3,629,497 42, 29 7
	\$ 1,458,395	\$ 980,287	\$1,233,112	\$ 3,671,794
•	\$ 1,501,472	\$ 990,932	\$ 824,010	\$ 3,316,414
Other income:				
Interest earned	\$ 6,169 688	\$ 1,486 35,295	\$ 821 2,323	\$ 8,476 38,306
	\$ 6,857	\$ 36,781	\$ 3,144	\$ 46,782
	\$ 1,508,329	\$1,027,713	\$ 827,154	\$ 3,363,196
Other deductions:			•	
Interest expense	\$ 4	\$ 5,886	\$ 7,551	\$ 13,441
assets—net	290*	4,218 6,63 8	878 —	4,806 6,638
•	\$ 28 6*	\$ 16,742	\$ 8,429	\$ 24,885
Profit Before Federal Taxes On Income	\$ 1,508,615	\$1,010,971	\$ 818,725	\$ 3,338,311
Federal taxes on income-estimated:				
Provision for the year	\$ 574,000 177,527	\$ 375,000 9,848	\$ 310,000 1,396	\$ 1,259,000 188,771
	\$ 751,527	\$ 384,848	\$ 311.396	\$ 1,447,771
Net Profit	\$ 757,088	\$ 626,123	\$ 507,329	\$ 1,890,540

[•] Indicates red figures.

See Notes to Financial Statements.

PROFIT AND LOSS STATEMENTS Year ended October 31, 1946

	_(Bryant Heater Company	Ma (ry & Night sufacturing Company Note H)	7	Payne urnace empany	_	ombined
Gross sales, less discounts, returns and allowances—Note D	\$	9,155,252	\$.	5,254,120	\$3	,161,387	\$1	7,570,759
and G		7,654,895	. 4	,299,571	2	2,096,508	1	4.050,974
# 10°	\$	1,500,357	\$	954,549	\$1	.064,879	\$	3,519,785
Selling, engineering, general and adminis- trative expenses—Notes E. F. and G Provisions for doubtful accounts, and reduction in reserve for doubtful ac-	\$	1,089,825	\$	760,801	\$	874,495	\$	2,725,121
counts		67,991*		11,030		14,892		42,069*
	\$	1,021,834	\$	771,831	\$	889,387	\$	2,683,052
	\$	478,523	\$	182,718	\$	175,492	\$	836,733
Other income:								
Interest earned	\$	41,335	\$	2,075	\$	997	\$	44,407
—net Miscellaneous		165 3,36 8		40,1 09 28,4 3 8		86,047 3,399	_	126.321 35,205
	\$	44,868	\$	70,622	\$	90,443	\$	205,933
	\$	523,391	\$	253,340	\$	265,935	\$	1,042.666
Other deductions:								
Interest expense	\$	11,590 36	\$	8,149 9,708	\$	5,893 4,192	\$	25.632 13,936
	\$	11,626	\$	17,857	\$	10,085	\$	39,568
Profit Before Federal Taxes On Income	\$	511,765	\$	235,483	\$	255,850	\$	1,003,096
Federal taxes on income-estimated- Note I:								
Provision for the year: Federal normal income tax and aurtax	\$	164,000	\$	79,000	\$	85,000	\$	328,000 45,000
Federal excess profits tax Refundable taxes on income of prior years arising from carry-back of operating losses and unused excess		17,000		17,000		11,000		
profits tax credits			_	2,500*	•		_	2,500*
Adjustments for prior years	\$	181,000 190*	\$	93,500 9,895*	\$	96,000 4,955	\$	370,500 5,130°
	\$	180,810	\$	83,605	\$	100,955	\$	365,370
Net Profit	\$	330,955	\$	151,878	\$	154,895	\$	637,72 8

[&]quot;Indicates red figures.

See Notes to Financial Statements.

STATEMENTS OF SURPLUS Period of three years ended October 31, 1948

	Bryant Heater Company	Day & Night Manufacturing Company (Note H)	Payne Furnace Company	Combined
Capital Surplus				
Balances at beginning and end of period — no change during period	\$1,188,954	\$ -	\$ 886,148	\$2,075,102
Earned Surplus				
Balances at beginning of period — Note I	\$2,439,871	\$ 368,2 15	\$ 30,909	\$2,838,995
31, 1946	33 0,955	151,878	154,895	637,728
Balances at October 31, 1946	\$2,770,826	\$ 520,093	\$ 185,804	\$3,476,723
Net profit for the year ended October 31, 1947	757,088	626,123	507,329	1,890,540
Balances at October 31, 1947	\$3,527,914	\$1,146,216	\$ 693,133	\$5,367,2 63
Net profit for the year ended October 31, 1948	1,093,806	837,882	314,626	2,246,314
	\$4,621,720	\$1,984,098	\$1,007,759	\$7,613,577
Deduct cash dividends paid: Original preferred stock—\$.99 a share 7% preferred stock— 6% preferred stock— Common stock— 137.60 a share Common stock— 92 a share	\$ 68,800	\$ 14.956 17,449 13,995	\$ 23,000 \$ 23,000	\$ 14,956 17,449 13,995 68,800 23,000 \$ 138,200
Balances at end of period	\$4,552,920	\$1,937,698-]	\$ 984,759	\$7,475,377
personal at the or period	41,0.12,720	41,757,000- 3	4 701,7 .· 7	40,131,51,011

See Notes to Financial Statements.

BRYANT HEATER COMPANY, DAY & NIGHT MANUFACTURING COMPANY, AND PAYNE FURNACE COMPANY

Notes to Financial Statements

Note A—Inventories are stated generally on the basis of average cost (not in excess of market). Opening and closing inventories (priced on the foregoing basis) used in computing cost of goods sold were as follows:

	Bryant Heater Company	Day & Night Manufacturing Company	Payne Furnace Company
November 1, 1945	\$ 551.862	\$ 648,287	\$ 340,344
October 31, 1946	2,130,697	857,799	774.533
October 31, 1947	3,495,115	1,070,741	1.063,134
October 31, 1948	3.560,423	1.843.914	1.814.575

Note B — Property, plant, and equipment are stated at cost less reserves for depreciation and amortization, and include amounts representing fully amortized war emergency facilities, as follows:

Bryant Heater Company Payne Furnace Company	\$ 35,404 114,693
Total	\$150,097

Note C—Charges to these companies for overall management services (see schedule of supplementary profit and loss information) of Dresser Industries, Inc. were discontinued as of October 31, 1947. During part of the year 1948, payments for overall management services were made by the three companies, which payments were refunded by Dresser Industries, Inc. prior to October 31, 1948. If charges for overall management services for the year 1948, had been made on the same basis as for preceding years, they would have aggregated approximately \$350,000 or \$217,000 after federal taxes on income, and the net profit for that year would have been reduced accordingly.

Note D—Sales and cost of goods sold include amounts representing inter-company sales (between the three companies) as follows:

		Sales from	
Years ended:	Bryant	Day & Night	Payne
	Heater	Manufacturing	Fernace
	Company	Company	Company
October 31, 1946	207,074	\$ 1,863	\$23,785
October 31, 1947		22,440	51,733
October 31, 1948	. 308,554	6,167	54,323

It is estimated that the amounts of inter-company profit, if any, remaining in the inventories, at either the beginning or end of the periods covered by the profit and loss statements, were not material.

There were no other inter-company transactions of a material nature between the three companies.

Note E - Depreciation, retirements, etc.:

Provisions for depreciation' (not including emergency facilities, the cost of which was amortized over the period ended September 30, 1945) were computed on the basis of the estimated service lives, principally as to each individual asset or group of assets, with the result that varying rates were applied to assets of a similar character but having different remaining lives, and, therefore, it is not practicable to state the rates used in computing provisions for depreciation.

Maintenance, repairs, and renewals were charged to operating expenses, whereas betterments were capitalized. The general policy of the companies has been to relieve property accounts and related reserves, for properties retired or otherwise disposed of at amounts included in those accounts.

Note F — See schedule of "Supplementary Profit and Loss Information" for information as to charges for maintenance and repairs, depreciation and amortization of fixed assets, taxes (other than income and excess profits taxes), management and service contract fees, rents, and royalties.

Note G — Incentive compensation plans, which have been in effect for a number of years, provide that the companies set aside varying percentages of net income for the payment of additional compensation to officers and key men of the companies. The funds so provided were allocated as determined by the Boards of Directors of the respective companies. The amounts

Notes to Financial Statements (Continued)

so provided by the companies for the periods covered by the profit and loss statements were as follows:

Officers: Years ended:	Bryant Heater Company	Day & Night Manufacturing Company	Payne Furnace Company
October 31, 1946	\$29.023	\$12,150	\$ 9.450
October 31, 1947	68,035	44,145	42.851
October 31, 1948	83,0 70	51,894	26,623
Employees:			
Years ended:			
October 31, 1946	12.889	3.600	3.150
October 31, 1947	17.784	21.350	15.849
October 31, 1948	32,365	25,925	5,055

Note H — During the period from December 31, 1943, to October 31, 1946, Day & Night Manufacturing Company had a wholly-owned subsidiary which was dissolved as of the latter date. The accounts of such subsidiary have been consolidated in the financial statements with those of Day & Night Manufacturing Company for the year ended October 31, 1946.

Note I — The balances shown in earned surplus at beginning of period have been adjusted from those previously reported to give effect in the period affected to certain adjustments which were previously reflected in earned surplus in the period in which determined. A summary of the changes follows:

	Heater Company	Manufacturing Company
Balances previously reported Net charge resulting from settlement of renegotiation for	\$2,536,862	\$353,514
Net charge resulting from settlement of renegotiation for the fiscal year 1945	96,991*	_
tax basis		14,701
Balances reported herein	\$2,439,871	\$368,215

* Indicates red figure.

In the determination of taxable income the Bureau of Internal Revenue included certain items of income and expense in periods other than those in which such items were included in profit and loss by the respective companies. With respect to Bryant Heater Company, taxable income, for the year ended October 31, 1946, was decreased approximately \$280,000 (taxable income, for the year ended October 31, 1945, was increased by approximately the same amount). Reallocation of such items has not been made in the profit and loss statements included herein.

Note J-Dividends on the various classes of capital stock (all of which were owned by Dresser Industries, Inc. at October 31, 1948) were in arrears at October 31, 1948, as follows:

On original preferred stock — \$1.10 a share On 7% preferred stock — 1.10 a share On 6% preferred stock — .93 a share	19,301
Total	\$51,325

Note K—The amount of unpaid costs of past service benefits under the Pension Plan is estimated to be \$54,000 and is payable in annual installments of approximately equal amounts during the next six years.

SUPPLEMENTARY PROFIT AND LOSS INFORMATION

Year ended October 31, 1948

COL. A	COL	. 3	COT	. С	COLD
	CHARGED D	IRECTLY AND LOSS	CHARG OTHER A	ED TO	
Ziem.	(I) To Coots	(2)	(1)	(2)	
•	or Operating Expenses	Other	Account	Amount	Tetal
Bryant Heater Company					
Maintenance and repairs	\$ 38,044 160,351	\$ 2,251 9,475			\$ 40.295 169.826
Social security taxes	\$ 41,603	\$ 11,254			\$ 52,857
Franchise taxes Property and miscellaneous taxes	53,015	3,760 5,731			3.760 58,746
	\$ 94,618	\$ 20,745	-		\$115,363
Management and service contract fees	61,600 11,725	33,571			95,171 11,725
Day & Night Manufacturing Company					
Maintenance and repairs	\$108,462 73,799	\$ 8,462 9,083			\$116,924 82,882
Social security taxes	\$ 55,822	\$ 13,839			\$ 69,661
Franchise taxes Property and miscellaneous taxes	40,232	28.455 2,595			28.455 42,827
	\$ 96,054	\$ 44,889	•		\$140,943
Management and service contract fees	11,843 4,166	14,270			26,113 4,166
Payne Furnace Company					•
Maintenance and repairs	\$ 59,178 24,138	\$ 24,725 15,982			\$ 83,903 40,120
Social security taxes Franchise taxes	\$ 15,347	\$ 18.508 22,337			\$ 33.855 22,337
Property and miscellaneous taxes		8,538			29,112
. Management and service contract fees	\$ 35,921	\$ 49,383			\$ 85,304
Rents Royalties	11,228	19,212			30,440 4,863

Note A — The three companies, together, have four leases for terms expiring more than three years from October 31, 1948. The aggregate annual rent under such leases is approximately \$35,000.

SUPPLEMENTARY PROFIT AND LOSS INFORMATION

Year ended October 31, 1947

COL. A	COLB		COL. C		COL. D
	CHARGED DIRECTLY TO PROFIT AND LOSS		CHARGED TO OTHER ACCOUNTS		
Stem.	(1) To Costs or Operating	(2)	(1)	(2)	
	Expenses	Other	Account	Ameunt	Total
Bryant Heater Company					
Maintenance and repairs	\$ 42,001	\$ 2,695			\$ 44,696
Depreciation and amortization of fixed assets	119,196	6,107			125,303
Taxes, other than income and excess profits taxes: Social security taxes	\$ 37,329	\$ 9,767			\$ 47,096
Franchise taxes		3,447			3,447
Property and miscellaneous taxes	33,821	1,242			35,063
•	\$ 71,150	\$ 14,456			\$ 85.606
Management and service contract fees - Note A		163,000			163,000
Rents	53,638 8,184	10.817			64,455 8,184
•	4.01				0,104
Day & Night Manufacturing Company					
Maintenance and repairs	\$109,683	\$ 3,416			\$113,099
Depreciation and amortization of fixed assets Taxes, other than income and excess profits taxes:	58,198	5,759			63,957
Social security taxes	\$ 47,820	\$ 10,866			\$ 58.686
Franchise taxes	_	7,453			7,453
Property and miscellaneous taxes	29,568	3,613			33,181
	\$ 77,388	\$ 21,932			\$ 99.320
Management and service contract fees - Note A		92,000			92,000
Rents	6,224 3,651	11,554			1 <i>7,7</i> 78 3.65 1
	3,000				0,000
Payne Furnace Company					
Maintenance and repairs	\$ 74,132	\$ 16,052			\$ 90,184
Depreciation and amortization of fixed assets Taxes, other than income and excess profits taxes:	20,113	12,607			32,720
Social security taxes	\$ 31,717	\$ 29,118			\$ 60,835
Franchise taxes		8,287			8,287
Property and miscellaneous taxes	13,520	7,608			21,128
	\$ 45,237	\$ 45,013			\$ 90.250
Management and service contract fees - Note A	-	71,000			71,000
Rents	6,556 2,027	8,547			15.103 2.027

Note A — Represents portion of overall management expense of Dresser Industries, Inc. (parent company) charged to these companies.

SUPPLEMENTARY PROFIT AND LOSS INFORMATION

Year ended October 31, 1946

COL. A	COL	3	COI	. C	COT D
	CHARGED D	IRECTLY AND LOSS	CHARG OTHER A		
Item	(1) To Ceets or Operating	(2)	(1)	(2)	5 •
	Expenses	Other	Account	Amount	Total
ryant Heater Company					
Maintenance and repairs Depreciation and amortization of fixed assets	\$ 28,203 55,520	\$ 1,479 3,690			\$ 29.683 59,210
Taxes, other than income and excess profits taxes: Social security taxes Franchise taxes	\$ 19,481	\$ 8,687 3,035			\$ 28.16 3,03
Property and miscellaneous taxes	2,457	340			2,79
	\$ 21,938	\$ 12,062			\$ 34.00
Management and service contract fees - Note A	_	132,000			132,00
Rents Royalties	19,200 10,676	5,514			24,71 10,67
ay & Night Manufacturing Company and Subsidiary	•				
Maintenance and repairs Depreciation and amortization of fixed assets	\$ 80.026 50,437	\$ 2.234 4,340			\$ 82.20 34,7
Taxes, other than income and excess profits taxes: Social security taxes	\$ 40,891	\$ 10,491			\$ 51,38
Franchise taxes		2,757			2.7
Property and miscellaneous taxes	37,701	4,351			42,0
	\$ 78,592	\$ 17,599			\$ 96.1
Management and service contract fees - Note A	-	87,000			87,0
Rents Royalties	5,911 1,007	9,923 —			15,8 1,0
ayne Furnace Company					
Maintenance and repairs	\$ 64,007	\$ 9,990			\$ 73,9
Depreciation and amortization of fixed assets Taxes, other than income and excess profits taxes:		6,734 \$ 24,334			22,2 \$ 46.4
Social security taxes		2.670			2.6
Property and miscellaneous taxes		5,856			16,4
No. 1	\$ 32,699	\$ 32.860			\$ 65,5 46,0
Management and service contract fees — Note A		46,000 4,719			46,0 6,7
Royalties	77772	-			2,1

Note A — Represents portion of overall management expense of Dresser Industries, Inc. (parent company) charged to these companies.

REPRODUCED AT THE NAT

ADDITIONAL INFORMATION CONTAINED IN THE REGISTRATION STATEMENT

The Registration Statement which is on file with the Securities and Exchange Commission. Washington, D. C., includes certain additional information relative to the Company as well as certain additional financial statements. There are also on file with the Commission certain exhibits which include, among others, copies of the Certificate of Incorporation, the By-Laws, opinion of counsel and certain contracts.

AFFILIATED GAS EQUIPMENT, INC.

By LYLE C. HARVEY

President

Manufacturers of

bryant 1.0.(1)

The nation's most complete line of gas-fired heating, water heating and allied equipment, including:

CENTRAL FURNACES

BOILERS

. WATER HEATERS

UNIT HEATERS

CONVERSION BURNERS

ATTIC, FLOOR AND WALL FURNACES

SPACE HEATERS

ALL-WEATHER CONDITIONERS

WATER COOLERS

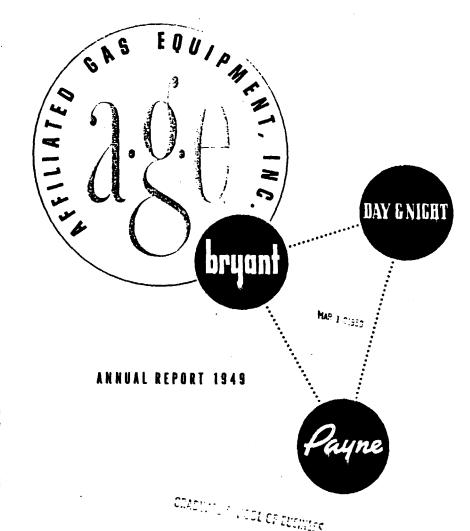
EVAPORATIVE COOLERS

RANGE IGNITION DEVICES

INDUSTRIAL GAS
COMBUSTION EQUIPMENT

SILICA-GEL AIR-DRYERS

JET 3867.41



JET-3867-1

Litho in U.S.A

General Offices

17877 St. Clair Avenue

BRYANT HEATER DIVISION 17825 St. Clair Avenue Cleveland 10, Ohio

DAY & NIGHT DIVISION 700 Royal Oaks Drive Monrovia, California

PAYNE FURNACE DIVISION 801 Royal Oaks Drive Monrovia, California

CLEVELAND, OHIO TYLER, TEXAS

MONROVIA, CALIFORNIA INDIANAPOLE, INDIANA

as a single manufacturing source of gas-fired heating and water heating equipment, offers the most complete line in the nation. Its products serve homes, industry and commerce.

WILLIAM J. BAILEY, JR. Vice President and General Manager,

West Coast Operations, Affiliated Gas Equipment, Inc.

FRANCIS H. BEAM

Vice President, The National City Bank of Cleveland

Vice President and General Manager,

MICHEL I. FORTHER The Sherwin-Williams Co.

President and General Manager, LYLE C. HARVEY

Affiliated Gas Equipment, Inc. H. NEIL MALLON*

President and General Manager, Drewer Industries, Inc.

WILLIAM A. MCAFEE Partner, McAfee, Grossman, Taplin,

Hanning, Newcomer & Hazlett

NORBERT A. McKenna Partner, Reynolds & Company

LYLE C. HARVEY WILLIAM J. BAILEY, JR.

President

Vice President PHILLP W. SCOTT Vice President, Secretary and Treasurer

JOHN R. RUSSELL Controller RICHARD I. KUHN Assistant Secretary

DENTER W. ASHLEY Amistant Secretary ERWIN F. BERRIER Amistant Treasurer

For Common and Preferred Stock-The New York Trust Company,

For Common and Preferred Stock-Bankers Trust Company, New York, N. Y.

The Annual Meeting of Shareholders will be held on Wednesday, April 26th, 1950, at the office of the Company. Notices and Proxies for this meeting will be mailed to Shareholders within the near future.

"Rengued February, 1950. Allen L. Bilingsley, President of Fuller & Smith & Ross Inc., elected to fill vacancy for remainder of term.

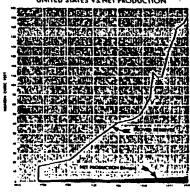
THE GAS INDUSTRY and AFFILIATED GAS EQUIPMENT, INC.

ROMINENT among the financial news headlines of 1949 were many that told about the natural

The discovery of natural gas reserves is going steadily forward. The chart at the lower left shows the relationship of proved reserves and current production (usage).

Transmission lines, as shown by the chart at the lower right, have been developed rapidly and at an accelerating rate to deliver this low-cost gas to

> NATURAL GAS RESERVES IN THE UNITED STATES VS. NET PRODUCTION



large areas previously denied its use for heating and

One of the principal purposes of these gas transmission lines is to serve the residential heating market. AGE is an important producer of equipment for that market.

The long experience and splendid reputation of Bryant, Day & Night and Payne place AGE in a strong position of leadership in the growth of gasfired heating and water heating.

MILES OF NATURAL GAS TRANSMISSION LINES Construction Authority Granted 1942-1949



TO THE SHAREHOLDERS OF AFFILIATED GAS EQUIPMENT, INC.

"The Birth of An American Business" could well be the title of this, our first Annual Report.

To make this birth possible, you who are shareholders invested your dollars; we who are employees invested our working future. This is the way of life that has gained for the American people the highest standard of living in the world.

Our Company has prospered in its first year, despite a difficult first half in 1949. During this first year, we faced some problems. We also found some unusual opportunities.

Soon after AGE was formed, the management studied plans for the more efficient operation of its plants. The first step was consolidation of the manufacturing facilities of Day & Night and Payne Furnace. These plants were some forty miles apart in the Los Angeles area. Efficient over-all management was difficult. Expenses of engineering, manufacturing and administration had been duplicated.

Operations were combined in one enlarged plant at Monrovia, California; the move was completed in October, 1949, and expense absorbed in our 1949 operations. Important savings should be realized from this consolidation in 1950.

Day & Night and Payne Furnace Divisions contions as separate organizations in sales, distribution and product names.

In January of 1950, the older portion of the Payne Division plant was sold. The remainder will continue to be offered for sale. It is expected that the disposition of this property will be consumated in 1950.

Our greatest opportunity came shortly after midyear. The acceleration in the construction of new pipelines for the transmission of natural gas enabled the gas industry to partially lift restrictions on the use of gas for heating in some areas.

We are proud that the products of Bryant, Day & Night and Payne continued their leadership in the industry as this opportunity unfolded. The demand for these products was so great that our plants could not fill all our customers' requirements.

To fill as many orders as possible, it was necessary to subcontract a very substantial portion of our production. As a result, during this period, we incurred abnormally high transportation, warehousing and material handling costs.

Growth of the gas industry, plus the increasing use of gas for heating, indicated the need for additional manufacturing facilities. It was logical, then, that the second major program in 1949 should concern enlargement of productive capacity.

In January, 1950, we purchased a modern plant at Indianapolis, Indiana, a plant which promises to put us in a much better position to meet increasing

demands of today and the future. Details of this plant purchase are explained later in this report.

When this plant is fully equipped and operating at a satisfactory level, the savings in manufacturing, material handling and transportation costs will be substantial

Your directors gave generously of their time and effort during the year, holding a total of fourteen meetings. We are grateful for their counsel.

Two new directors have taken places on your Board of Directors during the first year of operation. In March of 1949, Mr. E. L. Payne resigned as a Vice President and Director to devote full time to his other business interests. This vacancy on the Board was filled by the election of Mr. M. I. Fortier of Cleveland, Vice President and General Manager of The Sherwin-Williams Co. At the February, 1950 meeting, Mr. H. N. Mailon resigned from the Board because of the moving of his office and home from Cleveland to Dallas, Texas. The Board filled

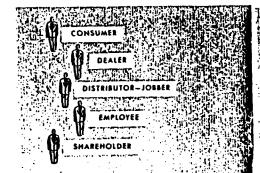
this vacancy by the election of Mr. Allen L. Billingsley of Cleveland, President of Fuiler & Smith & Ross Inc., consultants in advertising and marketing.

We face our future with considence. The projected program for a continued increase in new pipelines for natural gas and the present outlook for a high rate of new home construction are favorable for AGE.

With the continuation of our own strong sales program and the splendid work of distributors. jobbers and dealers selling Bryant, Day & Night and Payne products, we can look forward to a period of sound growth with the gas industry.

In this letter, I have commented upon operations in a general way. May I urge you to read carefully the detailed discussion in the following pages.

TYLE C. HARVEY, President



OUR POLICY

of A filiated Gas Equipment, Inc., to members of his organization.

uch that will satisfy human wants and comforts, to . Hit work at a satisfactory income level. make them in as large a quantity as we can, and to "Only in this way can we produce the income bring them to the consumer at the lowest possible price.

"We must produce a line of products that brings us the volume of business we need, at a profit to the distributors, jobbers and dealers selling our

OUR GOAL

from a statement by Lyle C. Harvey, President

We must continue making excellent quality prod-

that is necessary to protect the investment of our shareholders, to build a strong organization, to insure the jobs of our employees and to earn greater consumer acceptance."

10

1949 Financial Highlights

Total Income from Sale of Products and Other Sources	546
Net Income—Total	502
Net Income Per Share, Preferred	.64
Net Income Per Share, Common	.55
Total Wages, Salaries and Related Cost of Social Security and	
Unemployment Taxes, Insurance and Pensions	915
Dividends Paid and Declared, Preferred	425
Dividends Paid and Declared, Common	87 3
Dividends Paid and Declared, Total	,29
Income Retained for Use and Growth of the Business 878,	,204
Net Current Assets (Working Capital)	3,8
Inventories	,124
Long-Term Debt	,000
Shareholders' Invested Capital	72
Number of Shareholders, Preferred	550
Number of Shareholders, Common	.13
Number of Shares Outstanding, Preferred	,00
Number of Shares Outstanding, Common	,25
Number of Employees	,88

Report of Operations

Sales and Marketing

Our total income from the sale of products and other sources for the year was \$31,029,546.

The first six months of the year were adversely affected by the declining trend of general business. Our West Coast Divisions, Day & Night and Payne Furnace, faced a regional decline of residential construction of 17% compared with the first six months of 1948.

At midyear, the trend turned upward and some important gas restrictions were lifted. Our sales volume developed rapidly so that we accomplished 65% of our 1949 volume in the last six months.

Our growth and success, like that of any modern business, depend upon an aggressive selling and marketing program.

AGE products, under the names of Bryant, Day & Night and Payne, are distributed from coast to coast by distributors and jobbers as shown below.



These distributors and jobbers render warehousing and selling assistance to thousands of dealers all over the nation.

The Bryant Division markets its products through distributors, sales branches and jobbers. During 1949, a comprehensive, co-operative, localized advertising plan materially assisted its distributors and dealers in developing point-of-sale merchandising. It is planned to expand this program during 1950 and to continue to co-ordinate it with Bryant's national advertising.

The Day & Night Division distributes its products through plumbing wholesale jobbers. During 1949, the sales department added several new important jobbers. An aggressive program of sales aids, radio

Net Income—Earnings

Net income for the year was \$1,665,502. After provision for preferred dividends, totaling \$109,425, this income represented \$1.55 a share on the 1,004,250 shares of common stock outstanding at the year's end.

Our net earnings for the year represented 5.4 cents per dollar of total income from sales and

The amount recained for use and growth of the business was \$878,204, representing 2.9 cents per dollar of total income received.

AGE's business is quite seasonal, both as to volume and earnings. The net income reported by quarters fullows:

*First Quarter

Ended March 31, 1949	\$ 55.440 (L)
*Second Quarter	
Ended June 30, 1949	191,146
*Third Quarter	
Forder Serveral no. 10, 1010	100 035

advertising and product literature has been made available to such jobbers with excellent results.

The Payne Furnace Division formerly distributed its products in Southern California through its own retail stores. This tended to restrict market coverage. Early in 1949, plans were made to discontinue these retail stores in order to broaden the sales market and to devote more attention to wholesaling of Payne products over a larger area of the western and southern states. In July, that change was completed. The appointment of a selected group of dealers resulted in the tripling of sales coverage in Southern California, Added improvement in marketing should result from the sales efforts now being devoted to the other western and southern areas.

Fourth Quarter

Ended December 31, 1949 . . 1,048,971

* Subject to audit and year-end adjustments

Two factors adversely affected our net income for

First, there was the expense of the consolidation of the manufacturing operations of the Day & Night and Payne Divisions. This entailed not only the actual direct cost of the move, but also indirect expense through disrupted production, lowered output and a temporary increase in administration expenditures. All of this was absorbed in the year. and we should realize the savings from this move

Secondly, the tack of production capacity resulted in added costs during the year. Additional transportation, substantial extra material handling and warehousing appeared as extra expense.

As the new Indianapolis plant gets into full production, much of this added cost should be eliminated. Dividends paid and declared in 1949 totaled \$787,298, and were paid as follows:

	•	
	PREFERRED)
PER SHARE	RECORD DATE	PAYABLE DATE
5 .51	5-1- - 7	3-21-49
.75	6-15-17	6-20-49
.75	9-13-49	9-20-49
.75	12-6-47	12-20-49
\$2.76		
	COMMON	
PER SHARE	RECORD DATE	PAYABLE DATE
\$.22½	3-15-1)	4-1-49
.15	7-15-49	7-25-49
.15	10-19	11-1-49
\$.521/2		

A dividend of fifteen cents a stage was declared December 22, 1949, payable Felipian, 1, 1950.

The initial dividend on the common stock was 2214 cents a share. Your Board of Directors, after considering the unexpected changes which had occurred in business conditions during the first quarter of 1949, decided to reduce the samequent dividends for 1949 to 15 cents per share.

Wages, salaries and related cost of social security and unemployment taxes, group insurance and pensions for 1949 totaled \$7.0"4.015.

Out of each dollar of total income realized by the Company in 1949, 22 cents was paid in wages and salaries and related costs, while shareholders received 3 cents of each dollar in dividends.

OF TOTAL INCOME



Plants and Productive Equipment

The major plant expansion in 1949 involved enlarging the plant at Munrovia, California, to accommodate the consolidated manufacturing operations of the Day & Night and Payne Divisions by the addition of 89,000 square feet of space. This was accomplished at a cost of \$368,854.

An addition also was made to the Bryant Division office building in Cleveland, Ohio, at a cost of

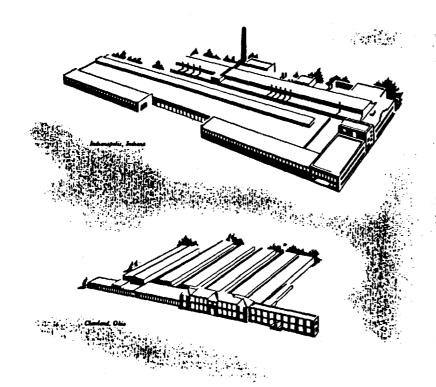
\$153,038. The first floor serves as general offices for the Affiliated staff and the second floor is being used by the Bryant Division. This permits centralizing Beyant's office staff, part of which previously was scattered in leased office space in other buildings.

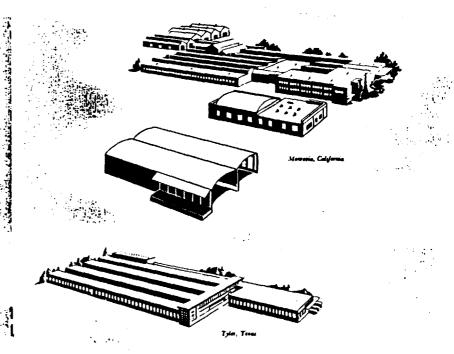
Expenditures for productive equipment, such as machinery, tools and dies, amounted to \$617,942 for 1949. Much of this was the result of our develop-

ment of new products and redesign of existing products for improvement and cost savings.

As a part of our planning for the future, we purchased the Indianapolis plant in January of 1950. The property consists of ten acres of land, with a building containing over 200,000 square feet of space. The major portion of the plant was built in 1946. It had been designed for manufacturing processes quite similar to ours and is well located near sources of raw materials and for the shipment of finished products.

It is estimated, when installations are completed, the investment in land, building and equipment will total \$1,800,000. The plant will start operations in March, 1950, and should be in substantial production before the peak seasonal demand develops.





Na Carrent Assets

Current assets at December 31, 1949 amounted to \$13,500,893 and current liabilities totaled \$3,779,508. Net current assets (working capital) amounted to \$9,721,385.

The ratio of current amets to current liabilities is strong at 3.6 to 1.

The acquisition in January, 1950 of the Indianapolis plant (see page 9) and some equipment totaled \$860,000 and was paid for in cash. In order to replenish working capital, the Company is completing arrangements for an additional loan of appreximately \$1,200,000 from three insurance companies; namely, the Massachusetts Mutual Life Insurance Company, the Penn Mutual Life Insurance Company and the State Mutual Life Assurance Company. These three companies had previously granted a \$4,000,000 long-term loan to Affiliated.

The provisions of the preferred stock require that the Company retire annually 3½% of the outstanding shares. During 1949, the Company purchased on the open market 900 shares below the redemption price in anticipation of the 1950 requirement to retire 1333½ shares.

ANALYSIS OF NET CURRENT ASSETS

CURRENT ASSETS		
Cash		\$ 2,731,526
Accounts and notes receivable, less \$94,279 allowance for uncol-	•	
lectible accounts		3,622,243
Inventories		-,,-
Materials and supplies	\$ 2,166,187	
Work in process	2,388,409	
Finished products	2,592,528	7,147,124
TOTAL CURRENT ASSETS ,		\$13,500,893
LESS CURRENT LIABILITIES		
LESS CURRENT LIABILITIES Portion of long-term debt due February 1, 1950	. \$ 200,000	
Portion of long-term debt due February 1, 1950		
Portion of long-term debt due February 1, 1950	2,378,869 1,050,000	
Portion of long-term debt due February 1, 1950	2,378,869 1,050,000	3,779,508

Product Development

The national leadership of the Company as a manufacturer of gas-fired heating and water heating equipment is founded upon sound product development.

Our engineering and research are conducted at two locations. In Cleveland, Ohio, our development work is directed to Bryant Division products for the plants in Cleveland, Tyler, Texas and Indianapolis, Indiana. In Monrovia, California, the work is directed to the products of the Day & Night and Payne Divisions now manufactured in the enlarged Monrovia plant.

The program in Cleveland for 1949 included the completion of the new All-Weather Conditioner, new lines of water heaters and steel furnaces. In addition, major improvements were made in controls and existing equipment.

Improved manufacturing techniques, recommended as a result of engineering cost studies, are expected to make substantial reductions in future costs.

The major contribution by the Monrovia engineering and development staff for 1949 was the completion of the new overhead Panelray Heater. This new unit, using the radiant heat principle, does not have the conventional blower or electric motor, so it is relatively noise-free. Result: a whole new field of noiseless overhead heating is now opening. In addition, a new artic-type furnace, a shallow floor furnace and a new wall heater also were introduced this year.

Employee Relations

We believe that relations with our employees during the year were based upon a growing feeling of mutual confidence and understanding. This does not imply that either the employees or the Company will always achieve the objectives desired, but it does mean that questions are approached with the consciousness that both sides have problems and responsibilities.

Employee relations are handled by the Company and employee representatives at the local level. Such a policy is necessary with our widely separated plants and policy of decentralized operating management.

At December 31, 1949, the Company employed a total of 1,885 people. Production workers of the Bryant Division plants in Cleveland, Ohio, are represented by the United Auto Workers (CIO), Local 337; the Tyler, Texas plant by Local 888; the production workers for Day & Night and Payne Divisions are represented by the Metal Trades Council of Southern California (AFL).

During the year, wage adjustments were negotiated and agreed upon at all of the plants. It is the policy of the Company to pay average or better rates than those paid by others in areas where our plants are located.

THE GAS INDUSTRY and OUR FUTURE

According to the 1940 census of housing, only 11% of all occupied housing units used some gas for heating, while only 8% of all centrally heated homes used gas as their heating fuel. Since that time, gas mage has increased to the point where 1712% of all homes use some gas for heating and 13% of centrally heated homes now burn gas for their

The biggest gains in gas heating are still to be made in the northeastern area of the United States -the area with the greatest buying power. In New England only 3% of the heating is done by gas,

and in New York State, only 5%. By way of conteast, one-fourth of all families in Ohio use gas for keeping their homes warm

These figures illustrate two things: (1) the use of gas for heating has a high potential growth, and (2) its use is increasing steadily.

The constantly widening demand throughout the nation for automatic gas heating indicates that there will be an opportunity for steady growth in the future for Affiliated Gas Equipment, Inc., with its leadership carried forward by the products of Bryant, Day & Night and Payne.

1949 GAS HEATING USAGE TOTAL OCCUPIED HOUSING UNITS -17-1/2% USING GAS FOR HEATING

AFFILIATED GAS EQUIPMENT, INC. AND SUBSIDIARIES STATEMENT OF CONSOLIDATED INCOME

For the year ended December 31, 1949

SOURCES OF INCOME				
Sale of products			\$30,990,489	99.58%
Discounts and interest earned			119.484	.36
Other			18.573	.06
TOTAL INCOME			\$31,929,546	100.00%
APPLICATION OF INCOME TO COSTS				
Materials and services purchased from others	\$20,487,304	66.03%		
Wages, salaries and related cost of social security taxes,				
unemployment taxes, group insurance and pensions .	7,074,915	22.80		
Allowance for wear of plant, machinery and equipment				
(depreciation)	496,003	1.60		
State, local and general taxes	103,374	.33		
Interest on long-term debt	152,448	.49		
Estimated federal taxes on income	1,050,000	3.38		
			29,364,044	94.63
REMAINDER OF INCOME (NET INCOME)			\$ 1,565,502	5.37%
DIVIDENDS				
Paid during the year:				
Preferred-\$2.76 per share	\$	109,425		
Common—\$.52½ per share		527,234		
Payable February 1, 1950:				
Common—\$.15 per share		150,639	~§~.298	
INCOME RETAINED FOR USE AND GROWTH OF	-			
THE BUSINESS			\$ \$*8.204	
See notes to financial statements.				

Board of Directors. Affiliated Gas Equipment, Inc. Cleveland, Ohio.

We have examined the statement of consolidated manufactured in estatement of consolidated financial condition of thilared Gas Equipment. Inc. and subsidiaries as of December 31, 1949, and the related statements of cognitionaries mome and income retained for use and growth of the business for the year then ended Our examination was made in secordance with generally accepted auditing standards, and accordingly included such tests of the accounting

records and such other auditing providures as we considered necessary in the circumstances. In our opinion, the accompanying statement of consolidated financial condition and statement of consolidated innovine present fairly the consolidated innovine present fairly the consolidated innovine present fairly and the consolidated results of therefore J. 1943, and the consolidated results of their operations for the vest their

Cleveland, Ohio February 1, 1950

ERNST & FRAST

AFFILIATED GAS EQUIPMENT, INC. AND SUBSIDIARIES STATEMENT OF CONSOLIDATED FINANCIAL CONDITION.

December 31, 1949

ASSETS AND CURRENT LIABILITIES

CURRENT ASSETS		
Cash		\$ 2,731,526
Accounts and notes receivable, less \$94,279 allowance for uncollectible accounts		3,622,243
Inventories-Note A:		
Materials and supplies	\$ 2,166,187	
Work in process	2,388,409	
Finished products	2,592,528	7,147,124
TOTAL CURRENT ASSETS		\$13,500,893
LESS CURRENT LIABILITIES		
Portion of long-term debt due February 1, 1959	\$ 200,000	
Accounts payable and accrued liabilities	2,378,869	
Estimated federal taxes on income	1,050,000	
Dividend payable on common stock, February 1, 1950	150,639	
TOTAL CURRENT LIABILITIES		3,779,508
NET CURRENT ASSETS		\$ 9,721,385
OTHER ASSETS		
Land \$337,720, buildings, machinery and equipment at cost, less \$458,301 allowance for wear (depreciation)		4,412,669
Deferred expenses (organization, insurance, taxes and other)		441,995
Remaining installments under employee stock purchase plan		141,600
Sundry deposit and receivables		97,080
TOTAL ASSETS—AFTER DEDUCTING CURRENT LIABILITIES		\$14,814,729
Control comments and an arrangement of the property of the control		,

NOTES TO FINANCIAL STATEMENTS

Note A—Inventories are priced principally at the lower of standard cost or market. Standards are periodically revised to reflect current operating conditions.

Note B—The preferred mock is \$3,00 cumulative, parvalue of \$50.00 per share, and the communitions hock has a par-value of \$1.00 per share. Each share of preferred stock has attached a warrant to purchase one share of cummon stock at \$11.25 per share, which warrant expires December 31, 1954. The preferred stock is redeemable at \$53.00 per share to January 15, 1958, and \$51.25 per share to January 15, 1958, and \$51.25 per share thereafter. The terms of the preferred stock also provide that the Corporation shall retire annually, by purchase or re-

LONG-TERM DEBT AND SHAREHOLDERS' INVESTED CAPITAL

LONG-TERM DEBT		
(Notes bearing 4% interest, due in equal annual installments of \$200,000 with		
an additional annual payment beginning in 1951 of 10% of net income;		
remaining amount due February 1, 1964. Amount due within one year		
included in current liabilities)		\$ 3,800,000
SHAREHOLDERS' INVESTED CAPITAL-Note B		
Preferred stock:		
Authorized —40,000 shares	•	
Outstanding—40,000 shares	\$ 2,000.000	
Common stock:		
Authorized -2,000,000 shares		
Outstanding-1,004,250 shares		
Subscribed — 17,700 shares	1.021.950	
Amount paid in and subscribed for common stock by shareholders in excess		
of par value	7,157,650	
Income retained for use and growth of the business	8~8.204	
	\$11,057.804	
Less cost of 900 shares of preferred stock of the Corporation purchased on		
open market for retirement		
TOTAL SHAREHOLDERS' INVESTED CAPITAL		11,014,729
TOTAL LONG-TERM DEBT AND SHAREHOLDERS' INVESTED CAPITAL		\$14,814,729
See notes to financial statements.		

demption. 35/3% of the number of shares issued prior to the close of the next preceding fiscal year. Perferred stock redeemed for this purpose shall be at \$51.75 per share to January 15, 1955, \$51.50 per share to January 15, 1958, and \$51.25 per share thereafter. The note agreement with the insurance companies and the provisions of the preferred stock include, among other trungs, certain restrictions as to the payment of dividends and other distributions. In one retained for use and growth of the biomess was unrestricted at December 31, 1949, for the payment of dividends on common stock.

Note C. Reference is made to the provident's letter and report regarding the purchase in famous. 1950 of a plant and certain equipment.

DESCRIPTION OF PRODUCTS

The following descriptions and illustrations are given for a better understanding of some of the major products of the Affiliated family—Bryant, Day & Night and Payne.

BOILER

A central unit to heat water or generate steam for a heating system using radiators, convectors or radiant heating and distributing such hot water or steam by means of pipes throughout the building. Under the name of Bryant, AGE manufactures a complete line of gas-fired boilers suitable for residential, commercial and industrial heating requirements.

CENTRAL FURNACE

A central heating unit supplying heated air by gravity or forced circulation to a distribution system using sheet metal ducts to registers throughout the building. The combustion chambers for such units are either cast iron or steel. Both Bryant and Payne produce gas-fired equipment to fill all the requirements in this type of heating.

UNIT HEATER

A unit which supplies forced warm air or radiant heat directly to the space in which it is placed without the use of ducts for distribution. To heat factories and commercial establishments, such units are usually suspended from the ceiling in the space to be heated. In the gas-fired types, Bryant has a complete line of forced air unit heaters and Day & Night recently introduced the new radiant type, the only one of its kind in the industry.

WATER HEATER

The automatic storage type used for heating water. Bryant and Day & Night manufacture a full line of such equipment, including booster water heaters and large volume heaters.

CONVERSION BURNER

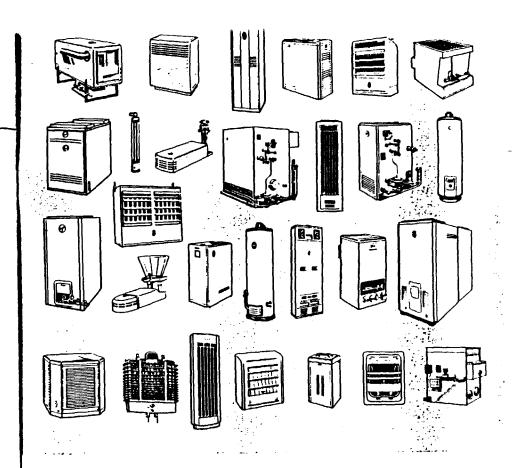
A burner for installation in a coal or oil boiler or furnace to convert it to automatic gas heat. Manufactured for installation in home heating units and many types of commercial and industrial boilers and furnaces. Bryant's complete line of burners is recognized as one of the industry's leaders.

FLOOR AND WALL FURNACES

Two types of furnaces usually installed for limited area heating without the use of ducts for the distribution of heated air. The floor furnace is placed below the floor level with a register in the floor through which the heated air enters the space. The wall furnace is affixed to the wall above the floor level with the heating surface exposed to the area to be heated. Day & Night and Payne are recognized pioneers in wall and floor furnaces, which are now sold by all three of our divisions.

SPACE HEATERS

Portable, self-contained units used for auxiliary heating. These units are constructed to be placed upon the floor and not attached to the building except for a gas connection, and in some cases a flur outlet. Space heaters of the circulator type are produced under the nameplates of Bryant, Day & Night and Payne.

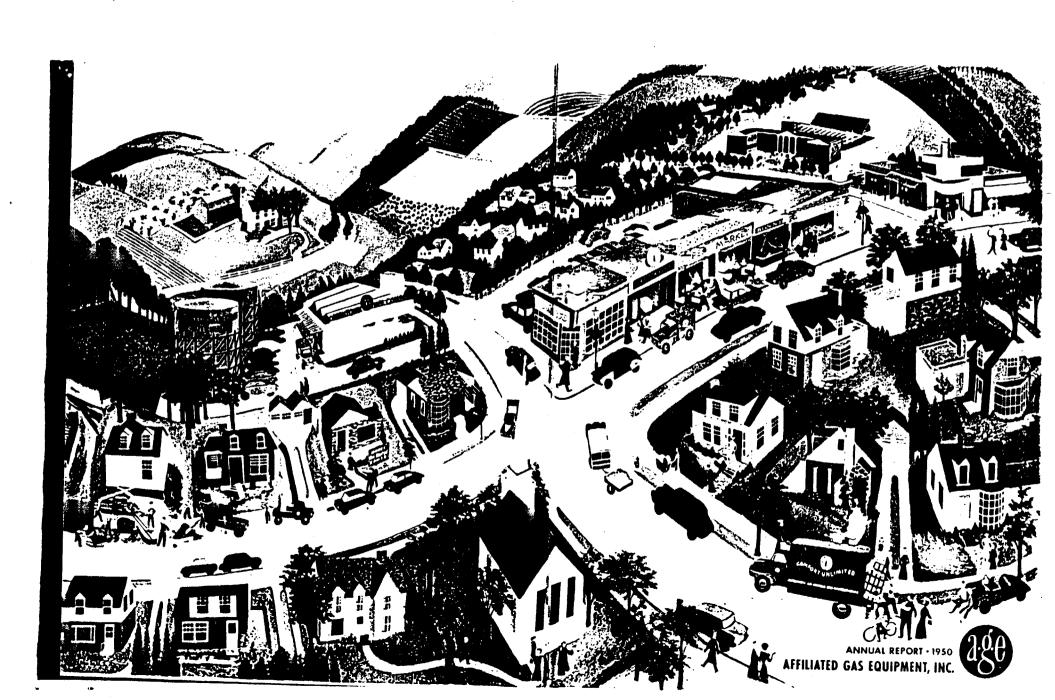


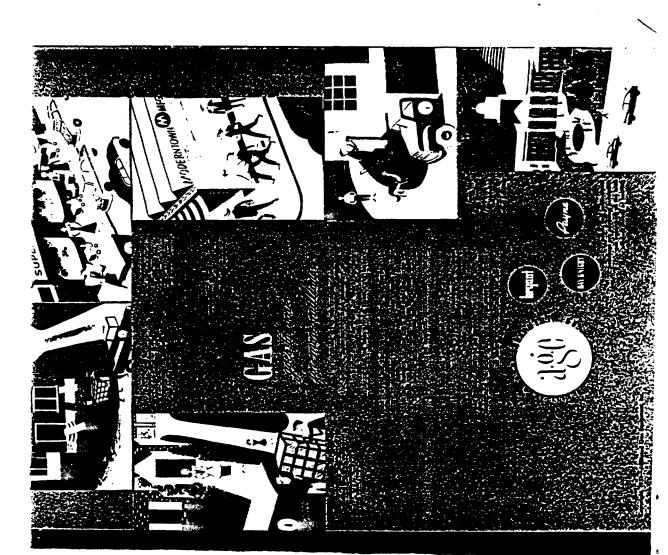
Chaose healing and water healing equipment bearing one of the three AGE brand names for your own needs . . . and suggest them to your friends.

bryant

DAY GNIGHT

Payne





Mittern J. Briter, Ja. 1 see Freudoni and Goneral Muniper Bert Coast Operations. Mikated Gas Equipment, Inc. Annual Poport for year ending December 31st 1950

Michel, J. Frathen Lee President and General Manage The Sheevin-Killiams Co. Lyle C. Hynyer President and General Manager Militated Gas Equipment, Inc.

FRANCE H. BEAN Source Los Provident The National City Bank of Cleveland

VEEN L. BELLNGALEN Projekat Fuller & Smith & Ren Inc.

A ILLIAN J. BAILEY. JR.

Live C. Banier

Painte W. Sorre for President. Services and Treasure Joux R. Ri seell. Controller

DAY & NIGHT DIVISION 700 Royal Oaks Drive Moncovia, California

Richard Jerran Stational Jerran R. Ketth Read Stational Jerrany John A. Willow

an a single manufacturing source of gas-fired beating and water besting equipment, after the most complete fine in the nation. Its products serve hower, inclustry and commerce.

TIBLE OF CONTENTS

Preudents hestage Facts in Brief Gas. a By Industry Report of Operations

Common and Preferred Starks hered on The New York Stock Exchange and Wolvest Stock Exchange.

The Annual Meeting of Shareholders will be bold on April 25, 1951, as the other company. Yourse and fromes for the meeting will be marked to Shareholders within the ment of states.

WILLIAM A. MCAFEE Parsor, McVies, Grasman, Toplin, Hanning, Newsomer & Hasbit

Coneral Offices...

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For Common and Preferred Stark— Bankers Trust Company, New York, N. Y., and Central National Bank of Cleveland, Chretand, Ohio

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Report for TODAY... thinking for TOMORROW

A Message from the President to the Stareholders and Employees of Affiliated Las Equipment, Inc.

The report of our operations for 1950 begins on page 8. I shall not discuss these results in detail in my comments since they are amply set forth later. You will find the results indicate a year of successful operation.

In my remarks in these first few pages, I am going to tell you about our thinking, our planning, the philosophy of our management, and the goals we are striving to reach.

THINKING FOR THE FUTURE

We could easily restrict our planning and our thinking to the immediate days ahead, letting the demands of today's defense economy completely determine our course. But we prefer to carry on our policy of always setting and planning our goal of achievement for the longrange future. Despite immediate uncertainties, we are confident the long-range course holds our greatest opportunity if we plan and work toward it.

Many factors seem to confirm our conviction. One is the sharp increase in our country's population—some 20 millions in the past ten years, almost double the predictions of 1940. In its simplest terms, this means far larger markets to be satisfied.

It also seems likely that the American standard of living will continue its long-term upward trend. More and more people desire to acquire modern automatic household appliances, including automatic heating. The very great growth of automatic heating in recent years suggests a substantial potential for a continued upward trend, once present uncertainties are resolved.

Another major factor is the strength and continuing growth of the gas industry. Natural gas has become a low-cost fuel with many fundamental advantages. Because of these advantages, it is being made available to almost every populous region of the country. The gas industry promises to continue to be one of the truly growth industries of our time. Affiliated Cas Equipment, Inc., has the opportunity to grow with the gas industry.

In charting our course for the future, we must recognize that, as manufacturers of gas appliances, we will achieve our fullest potential not on the basis of price alone, but on the basis of customer satisfaction with our appliances. It is important to avoid selling low-priced units of relatively limited use and service which manusers eventually discover are imadequate. To insure the future growth of the gas industry and

of our company, we must provide products that will satisfy the needs of our customers. We must also sell them vigorously, for it takes selling to market a large volume of quality products.

OUR POLICIES

To attain the full measure of our growth potential requires a long-range perspective. In brief, this is our program:

- 1. We shall maintain an aggressive and forward-looking approach in product development. Our laboratories will continue research to improve the intrinsic quality and the performance characteristics of our products; to develop new products with which to lead our field; and to reduce costs wherever possible.
- 2. We shall maintain our production effectiveness. This requires adequate and efficient manufacturing facilities, capable of producing our products in required volume and at reasonable costs in line with market developments. To insure this program, sufficient earnings must be retained and reinvested in the business.
- 3. We shall continue to build into our marketing distribution structure the qualities and the facilities required to take full advantage of our growth potential. This means, first of all, an able and effective organization of distributors. It means a sufficient number of retail dealers, trained and equipped to sell AGE units and to make installations that satisfs the user. The people in these channels of trade must be made to feel that their future is linked with ours and that selling our products will continue to

be profitable for them. They will be dealt with in a manner which earns and holds their confidence in us, and in our policies and our products. We shall continually support this sales distribution organization with educational and promotional programs.

4. We intend to see to it that we continue to conduct a successful and profitable enterprise—with earnings which will provide a sound level of income and continuity of employment for the men and women contributing to our company's progress: with earnings to provide growth and improvement; with earnings to pay adequate dividends to our shareholders who have supplied the major portion of the money to buy the tools of production and to operate our business.

This long-range program shall be our objective. Such a course, we believe is the most certain approach to improve our position in the industry and make possible our taking full advantage of the bright opportunities ahead.

THE IMMEDIATE FUTURE

Uppermost in the minds of our shareholders (owners), our employees and those who distribute our products are the questions. "How will defense plans affect our production and our markets?" and "What are we doing about defense production?"

No one knows yet the proportions to which defense mobilization will grow. It is, therefore, impossible to predict the immediate future. However, I believe it is appropriate to give you a few comments indicating the current thinking of your management.

With regard to the immediate markets in



nur products, we anticipate some contraction due to the restrictions on residential and other construction. However, new residential construction represents less than one-half of AGE's sales volume. The large project-type housing development has not been a principal market for us. In the residential field, our major market has been replacing other forms of heating in existing homes with automatic gas units. This type of business should remain good in 1951; it may even be stimulated by restrictions on new construction and upon other consumer goods.

Another limiting factor of some importance is the reappearance of restrictions in certain local areas on the supplying of gas for heating to new customers. These restrictions are considered to be temporary and their removal will vary from area to area, depending on the arrival of new gas supplies and expansion of the gas distribution system. It is our estimate that many of the restrictions will be relaxed or lifted during the year.

Over-all, our sales prospects point to a continued strong demand for our products in spite of current restrictions.

On the production side, the availability of materials is probably the greatest unknown. Steel is one of our principal raw materials, while many of our purchased parts include copper and other critical items. This serious problem has not as yet materially affected our rate of operations. However, with defense demands generally unknown, no accurate appraisal of the future is possible.

With regard to production for defense, we already have been able to assume contracts, subcontracts and letters of intent totaling sev-

eral million dollars without materially disturbing our civilian business. As mobilization demanda increase, we can shift further in this direction.

In the years 1942-1945, the various divisions of our company delivered approximately 100 million dollars of wartine products. The production was principally in products in such important fields as armored tank parts and ammunition components, including parts for rockets, fuses and other related items for the Army, the Air Force and the Navy. We have renewed our relations with various branches of the Armed Services and with our former prime contractors.

Business planning has been difficult before, and yet we have found ways and means to meet the situation soundly. We are confident that with the enthusiastic help of all of our men and women we shall continue to progress.

byle C. Harver, President



AGE products is in authing homes

Facts in Brief... 1950 1949

Total Income from Sale of Products and Other Sources \$	13,605,786	\$31,029,546
Net Income before Federal income and excess profits taxes	4,411.336	2.715,502
Estimated Federal income and excess profits taxes	2.200,000	1.050,000
Net Income—Total	2.241.336	1,665,502
Net Income Per Share, Preferred	57.97	41.61
Net Income Per Share, Common	1.76	1.55
Total Wages, Salaries and Related Cost of Social Security and		
Unemployment Taxes, Insurance and Pensions	8,881,852	7,074,915
Dividends Declared, Preferred	113,460	109,425
Dividends Declared, Common	846,741	677,873
Dividends Declared, Common Per Share	.70	.671/2
Dividends Declared, Total	960,204	787,298
Income Retained for Use and Growth of the Business	1,281,132	878,204
Net Current Assets (Working Capital)	12,034,748	9,721,385
Inventories	9,991,603	7,117,124
Long-Term Debt	4.101,000	3,800,000
Shareholders' Invested Capital	14,220,002	11,014,729
Shareholders' Invested Capital, Common Per Share	10.14	8.86
Number of Shareholders, Preferred	467	\$56
Number of Shareholders, Common	5,682	6.131
Number of Shares Issued, Preferred	38.666	40,000
Number of Shares Issued, Common	1,209,720	1.004.250
Number of Employees (Average for year)	2,300	1.885



a <u>big</u> industry with an even greater <u>future</u>

The gas industry's growth in the last ten years has seldom been equaled in the history of American business. The greatest gains have been made since the end of World War III. In 1945, gas utility plants in the United States were valued at five billion dollars. By the end of 1950, four bittion dollars more had been added. Expenditures for 1950 alone exceeded one billion dollars and it is estimated that another billion will be spent in 1931.

SEEDS SOWN 20 YEARS AGO

Until the middle 1920's, gas was used mostly for cooking and water heating and, to a limited extent, for industrial purposes. In most communities, the gas supplied was manufactured from coal. Then, huge reserves of natural gas were discovered in the Southwest and along the Gulf Coast. At about the same time, the manufacture of seamless and welded steel pipe was developed, together with pumping techniques for transporting this clean, efficient fuel over long distances.

Twenty years ago, the first long line was in operation, bringing natural gas from Texas to Chicago, a distance of 900 miles. Other lines were soon added. Natural gas consumption jumped from 1.9 trillion cubic feet in 1930 to 2.7 trillion in 1940.

The ever-spreading network of pipelines continued to boost this figure. In 1950, it is estimated that 6.5 trillion cubic feet were used. Natural gas now accounts for over 90% of utility gas nales, manufactured gas about 6% and mixed gas to mixture of natural and manufactured gases), 4%.

VIGOROUS GROWTH WILL CONTINUE

One of the most encouraging features of this remarkable performance is that it can be expected to continue. Despite vigorous growth, the gas industry has by no means reached its maximum potential.

Two major areas still lack natural gas—New England and the Pacific Northwest. Some applications have been granted and others are now pending to bring natural gas to New England. Plans are being made to supply the Northwest from recently discovered sources in Canadalt is reasonable to expect that consumer acceptance in these regions will be just as enthusiastic as it has been wherever natural gas has been made available. In several other sections, natural gas is still in limited supply. A ready market exists for any additional quantities as soon as they are brought in.

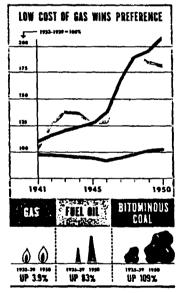
And, we need have no fear that sources of supply will soon be exhausted. Known United States reserves (end of 1949) of natural gas total 180.4 trillion cubic feet. Net production in 1950 is estimated at 6.5 trillion cubic feet. The reserves now appear to be the equivalent of almost twenty-eight years' usage at today's rate. if not another cubic foot is discovered. Actually, our discoveries in the period of 1946-1949 were nearly 2½ times the amount used.

THE PRICE IS RIGHT

While other fuel prices have been rising sharply, the retail price of gas has remained relatively stable and, in most areas, it is low in comparison with other sources of heat.

According to the Bureau of Labor Statistics.

as shown in the accompanying chart, the retail price of gas has advanced only 3.9% since 1935-1939. During this same period, fuel oil prices have advanced 83% and bituminous coal 109%.



It is little wonder that consumers prefer the convenience and satisfaction of gas whenever possible.

A YOUNGER BRANCH

In addition to the vast increases in natural gas usage, progress has also been made by a younger member of the industry—liquefied petroleum gas. The liquid is delivered to the user in cylinders, or by tank trucks into con-

sumer tanks, and changes to gas as it is used in gas-burning appliances.

There are now over five million homes using LP-gaa for various fuel purposes. In ten years, the usage of LP-gas rose from 134 million gallons in 1940 to 2.143 million gallons in 1950.

The increasing production and refining of gas from petroleum is constantly adding to the supply of LP-gas available.

WHAT THIS MEANS TO AGE

The recent expansion of the gas industry has depended largely on the increased use of gas for home heating. There has also been a marked increase in the older markets such as fuel for cooking and water heating. Without, however, the wide and growing acceptance of gas for residential heating, such rapid strides would not have been possible.

Today, twenty-two million homes are served by gas utilities, 30% more than in 1940. Of even greater importance to us is the fact that only three million homes use gas for central heating. This market has vast possibilities of expansion.

AGE's products, under the long-established trade names of Bryant, Day & Night and Payne, provide the equipment for using gas for water heating and central or space heating of homes. factories and other buildings, and are designed to be used with natural, manufactured, mixed or LP-gases.

We at Affiliated are proud of our position as a leading manufacturer of gas-fired home heating and water heating equipment. We are in an excellent, constantly growing industry. We are countributing to and sharing successfulls in its progress.

REPORT OF OPERATIONS



Our total income from the sale of products and other sources in 1950 was \$43,605,786. This represents an increase of 40% over the sales in 1949 of \$31,029,546.

The success of the year's operation is reflected in the fact that net income for the year, after costs and expenses but before taxes, was 61% higher than for 1949. Net income before taxes amounted to \$4,441,336 as compared with \$2,715,502 for the previous year.

Federal taxes on income took 38% of our taxable income for 1949, but, in 1950, with the increased normal and surtax rates and the estimated excess profits tax, Federal taxes took approximately 49.5%. The full effect of the recently enacted excess profits tax and other proposed taxes on our future operations cannot now be accurately measured.

The Indianapolis plant, which was purchased in January, 1950, attained volume production

in August and contributed substantially to our total income for the year. We are proud of this production record. The expense of starting this plant was charged to current operations.

By the end of the first quarter, the steel situation became critical, and we found it necessary to purchase some steel above mill prices.

After the middle of the year, our costs for materials, supplies, and purchased parts began to rise sharply. We found it necessary during the latter half of the year to raise certain prices to compensate for the increased costs.

Earnings in 1950 were also affected by a six weeks' strike at the Cleveland plant of the Bryani Heater Division. The strike occurred during contract negotiations on the question of wages.

As discussed in our Annual Report last year, the land and buildings in Beverly Hills, California, purchased from Payne Furnace Company at the time of the formation of AGE in 1949, were to be sold in 1950. The sale was completed and the capital gain. after provision for estimated taxes, amounted to \$77.644. which is a nonrecurring item included in our Statement of Income for the year 1950.

Our set income after deducting cost of materials, wages and salaries and other items, but before deduction of estimated Federal taxes on income, including excess profits taxes, and before dividends	1950	1949
to shareholders for use of their money	\$ 4.441.336	\$ 2.715.503
Deduction for estimated Federal taxes on income, including excess		
profits taxes (1950)	2,200,000	1.050.000
Remainder of income (net income) before payment of dividends .	2.211.336	1.665.503
Remainder of income per share on common stock issued at year-end	1.76	1.53
Dividends for use of shareholders' money	960.204	787.298
Income for the year retained for use and growth of the business	1.281.132	878.204
•		



Almost 8,500 people are directly concerned with the present and future outlook of AGE. The number of shareholders (owners) is approximately 6,100, while the number of employees averaged 2,300 for the year.

The investment of our shareholders at the close of the year amounted to \$14,220,002, or an average of \$2,300 per shareholder.

During the year, two quarterly dividends of 15c a share and two quarterly dividends of 20c a share were declared on the common stock. Dividends totaling 83 a share were declared on the preferred stock.

Dividends to our owners totaled \$960,204 and represented their income for the use of their money in operating the business and supplying the production tools with which we work.

Earnings on the 1,209,720 shares of common stock outstanding at the year-end represented \$1.76 per share. Earnings for 1949 on 1,004,250 shares of common stock were \$1.55 per share. Had Federal tax rates remained the same for 1950 as for 1949, the earnings for our past year on the larger number of common shares would have been \$2.17 per share.

Since dividends declared in 1950 totaled 70c per share, the portion of earnings retained in the business was \$1.06 per share. The book value of each share of common stock at the close of 1950 was \$10.14, compared with \$8.86 per share at the close of 1949.

Wages, salaries and the related items of social security, employer payroll taxes and insurance, took \$6.881.852 of the total income received. This represents 20c per dollar of total income as compared with approximately 2c per dollar of the total income declared to the shareholders.

In order to operate our business in 1950, it was necessary to have investments from share-holders and insurance companies of \$8.3% per employee and sales of \$19,000 per employee. The company paid taxes of \$950 per employee. From our 1950 operations, we retained for use and growth of the business a total of \$550 per employee.

Production workers of the Bryant Division plants in Cleveland, Ohio, are represented by Local 337, International Union, United Automobile, Aircraft and Agricultural Implement Workers (CIO), and the Tyler, Texas, plant by Local 888 of the same union, Local 4315. United Steel Workers of America (CIO) was elected bargaining agent at the Indianapolis, Indianaplant and a contract was signed with them. The production workers for Day & Night and Payce Divisions are represented by the Metal Trades Council of Southern California (AFL).

During 1950, wage increases were agreed upon with the renewal of labor contracts.

In the case of the Cleveland plant of Bryact, a six-week strike occurred in May and June during contract negotiations, the question of wages being the principal point of disagreement. Agreement was reached and a new contract signed.

The company voluntarily, with the agreement of the respective bargaining agents, placed in effect additional increases, recognizing some of the unusual economic factors evident in late 1950. These adjustments were made without discussion of existing contracts.

In addition to the base rates of wages and salaries paid to our employees, there are employee benefits in the form of paid vacations and holidays, taxes, insurance and hospital benefits, wholly paid for by the company





It became apparent early in 1950 that our sales volume was likely to be considerably higher than in 1949. Such an increase would require more working capital.

There were also the expenditures that had been planned for some time as a part of the necessary expansion of our production facilities. Our investment in the land, buildings and machinery of our Indianapolis plant amounted to \$2,068,000. Other capital expenditures for the year totaled \$665,000.

To be certain that we could provide for these expenditures, our net current asset position was carefully reviewed by the management.

In March, therefore, we increased our longterm insurance loan by \$1,100,000. An additional amount of \$2,093,987 was obtained from the sale of 200,000 shares of common stock (previously authorized). The major portion of this stock was sold to several investment trusts-

Also, during the year, we used short-term bank loans, which resched a total of \$2,250,000. All such loans were repaid prior to December 31, 1950.

Our net current assets rose from \$9,721,385 at the beginning of the year to \$12,034,748 at year-end.

Inventories at the close of the year totaled \$9,994.603, as compared with \$7,147,124 at the end of 1949. The increase of \$12,315,421 in aales volume for 1950 and production scheduling problems, resulting from shortages in some critical materials, necessitated this higher level of inventories.

Under current liabilities at the year-end, we provided for the first profit contingency payment, due in April, 1951, on our insurance loans in the amount of \$224,000. This is in addition to the regular annual repayment of principal of \$275,000 which was made February 1, 1951.

In planning for 1951, we found that two of our plants had substantially less than the needed warehouse area for the productive output of those plants and the seasonal character of our business. Therefore, the Directors authorized total expenditures of 3600,000 for warehouse space at the Cleveland and Indianapolis plants. Almost all of this expenditure will take place in 1951.

After considering the possible capital requirements for the immediate future, the company completed arrangements for an additional long-term loan of \$2,000,000 from The Penn Mutual Life Insurance Company and Massachusetts Mutual Life Insurance Company. The loan was granted on January 19, 1951.

The supplemental agreement for the addi-

tional amount contains, in general, the termand conditions of the original loan. The agreement also provides that dividends declared subsequent to December 31, 1950, may not exceed net income after December 31, 1950, pileproceeds from sale of \$1.000,600, the latter \$11, 1950, plus the sum of \$1.000,600, the latter being approximately a full year's dividend at the current rate.

The receipt of these funds added strength to our financial position which now is well estalished for our current civilian operations.

As required by the provisions of our preferred stock, the Board of Directors authorized the retirement of 1.334 shares of this issue on April 13, 1950. These shares had been purchased in the open market. As of the end-of-1950, the company held 2.016 shares for retirement in 1951 and later years.

Changes in Net Current Assets

Current Assets	Dec. 31, 1950	Dec. 31, 1949	Change
Cash	\$ 3,950,762	\$ 2,731,526	\$ 1,219_236
Accounts and notes receivable - net	4,563,018	3,622,243	940,775
Inventories	9,994.603	7.147,124	2.817.479
Total	\$18,508,383	\$13,500,893	\$ 5,007,490
Less Current Liabilities			
Long-term debt repayment	\$ 499,000	\$ 200.000	\$ 299.000
Accounts payable and accruals	3,515,156	2,378,869	1,136.287
Estimated Federal taxes	2.217,535	1,050.000	1,167.535
Dividends payable	241.944	150.639	91.305
Total	\$ 6,473,635	\$ 3.779.506	\$ 2,694.127
Net Current Assets	\$12.034.748	8 9,721,385	\$ 2,313.363

Source and Use of Funds

SOURCE OF FUNDS

Increase in long-term debt less current portion				\$ 601.000
Sale of common stock				2.693,907
Net income (adjusted for costs not representing cash payments)				2.850.831
Funds Provided				\$5.551.818
USE OF FUNDS				
Additions to plants and productive equipment (net)				\$2,142,654
Dividende:				
Preferred Stock				115,400
Common stock ,				\$16,711
Purchase of preferred stock for retirement				120 646
Miscellaneous uses				2,473
Increase in net current assets				2,310,360
Funds Used				\$5,551 %1.7

METAL COMPONENT MANUFACTURE

Following are some of the more important contracts covering manufacture of metal components and assemblies during World War II:

Contract

Item

W1300-CWS-101 W04-205-CWS-6

4.2" Chemical Mortar Shell, M2 and M3 alternate

W1300-CWS-14

Metal assemblies, incendiary bomb,

AN-M54

W04-205-CWS-31 & 32

Adapters, Cluster 500 lb. M1

MCc10312

Ship Mast Platforms

W04-200-ORD-154

Helium Retention Apparatus

W535-AC-35738

Aircraft Camera Magazine, Type A-8

W535-AC-35335

Laboratory, Photographic, Portable,

Airborne, Type F-3

Subcontract from Northrop Aircraft, Inc. under prime contract No. W535-AC-21061

Aircraft Engine Mount Assemblies

Subcontract from Northrop Aircraft under prime concract

No. W535-AC-16

Aircraft Cowl Flap Support Ring Assembly

NOrd-7605

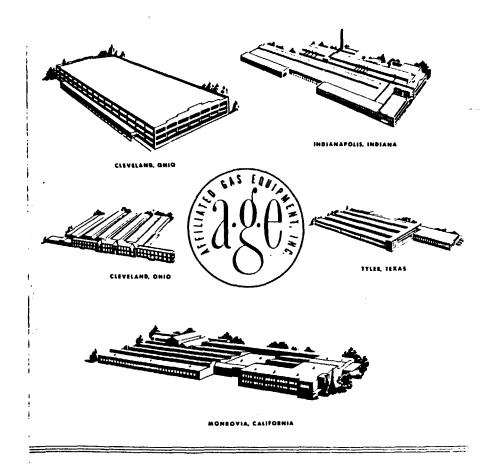
5" Rocket Head Mark 10, Model 9

American Locomotive Company Montreal Locomotive Company Fisher Tank Division (General Motors) Pullman Car Company Federal Machine & Welder Company

Track Volute Spring Suspensions

Food Machinery Corporation Ingersoll Steel & Disc, Division of Borg Warner Corporation

Track Wheel & Arm Suspensions



AFFILIATED GAS EQUIPMENT, INC.

General Offices

17877 St. Clair Avenue • Cleveland 10, Ohio

Affiliated Gas Equipment, Inc. is the corporate organization which carries on its operating function through three (3) operating divisions namely,

Bryant Heater Division
Day and Night Division
Payne Furnace Division

A.G. E. shares of preferred and common stock are listed for trading on the New York Stock Exchange and the Midwest Stock Exchange. The Dun & Bradstreet rating of A.G. E., Inc. is AA-1.

Operations - Personnel - Production Potential

Affiliated Gas Equipment, Inc. conducts its manufacturing operations in five (5) factories, supplemented by an extensive subcontracting pool.

OPERATIONS

These factories are located as follows:

BRYANT	HEATER	DIVISION
	A.S.L. 10	L

Cieveland, Bhie.....17825 St. Clair Avenue and 1828 London Read

The Bryant Henter Division has been in operation since 1908. Its headquarters stuff is located at its Cleveland plant.

DAY & NIGHT DIVISION

Day & Night Division has been in operation since 1908. Its main office and plant are as:

Monrovia, California.....700 Royal Oaks Drive

PAYNE FURNACE DIVISION

Payne Furnace Division has been in operation since 1914. Its main office and plant

Monrovia, California......780 Royal Bahs Brien

More than 90% of Affiliated's World War II "key" personnel still remain. In addition, new personnel with wide experience on military products have since been added to the staff.

Since World War II, A.G.E. manufacturing plants have more than tripled their production capacity. An extensive subcontractor organization has also been maintained to supplement the corporation owned plants and to improve the flexibility of operations.

Production equipment now available in the various plants is adaptable to the following work:

Blanking, shearing, and forming of steel or aluminum parts.

Cleaning, galvanizing, painting, and baking of metal parts.

Spot welding, seam welding, and are welding of metal parts.

Boring, drilling, facing, grinding, etc., of har stock, sheet stock or castings.

Assembly and testing gas and air controls.

Wiring of electrical controls, control panels and boxes to code specifications.

Assembly and crating of formed, fabricated, and welded metal parts into finished components.

These manufacturing facilities are also greatly expanded and extended by Affiliated's subcontractors.

WORLD WAR II PERFORMANCE

Affiliated's World War II experience included work on prime contracts for:

Army Ordonice
Chemical Warfare Service
Navy
Army Air Force

and large subcontracts with major Army and Navy contractors. The total dollar value of Affiliated's World War II work was in excess of \$100,000,000.00. As suppliers to prime contractors, Affiliated delivered over 58,000 tons of finished components.

LOADING CONTRACTS

Azusa Loading Plant, Azusa, California

M46 Photofash Bomb Pyrotechnic Ground Signals

San Bernardina Loading Plant, San Bernardine, California

M50 Incendiary Bomb M54 Incendiary Bomb M69X Incendiary Bomb M1 Bomb Fuse M142A1 Bomb Fuse

M69 Incendiary Bomb Turlock Loading Plant, Turlock, California

> M69 Bombs M1 Bomb Fuses

FOR SPECIFIC ITEMS PRODUCED DURING WORLD WAR II SEE FOLLOWING PAGE

STATEMENT OF CONSOLIDATED

FINANCIAL CONDITION DEPOSITES DESCRIPTION

ASSETS AND CURRENT LIABILITIES

CURRENT ASSETS		
Cash		\$ 3,950,762
Accounts and notes receivable, less \$52,000 allowance for uncollectible accounts		4.563.018
Inventories-Note A:		
Materials and supplies	\$ 5,260,852	
Work in process	1,393,853	
Finished products	3,339,898	9.994.693
TOTAL CURRENT ASSETS		\$18.508.383
LESS CURRENT LIABILITIES		
Portion of long-term debt due during 1951	\$ 499,000	
Accounts payable and accrued liabilities	3,515,156	
Estimated federal taxes on income	2.217,535	
Dividend payable on common stock, February 1, 1951	241.944	
TOTAL CURRENT LIABILITIES		6.473.635
NET CLEMENT ASSETS		\$12034.748
OTHER ASSETS		
Land \$233.627. buildings, machinery and equipment at cost. less \$993.073 allowance for wear (depreciation).		6.017.062
Deferred expenses torganization, insurance, taxes, and other)		415.464
Remaining installments under employee stock purchase		
plan i de la		98.400
Sundry receivables		55.328
TOTAL ASSETS—AFTER DEBUCTING		
CURRENT LIABILITIES		\$18.621.002

LONG-TERM DEBT AND SHAREHOLDERS' INVESTED CAPITAL

LONG-TERM DEBT
(Notes bearing 4% interest, due in equal annual install- ments of \$275,000 with an additional annual payment beginning in 1951 of 10% of net income for the preced-
ing year; remaining amount due February 1, 1964. Amount due within one year included in current

\$ 4.401.000

Preferred stock	k:	
	—38,666 shares —38.666 shares	\$ 1,933,300
Common stock	:	
Authorized	2.000.000 shares	
	1,209.720 shares	
Subscribed	- 12.300 shares	1,222.020
Amount paid	in and subscribed for stock by shareholders	
in excess of	par value	9,009,674
Income retaine	d (or use and growth of the business	2,159.336
		\$14,324.330
Less cost of 2.0	016 shares of preferred stock of the Corpora-	
tion purchs:	ed on open market for retirement	104.328

14.220.002

TOTAL LONG-TERM DEST AND SHAREHOLDERS' INVESTED CAPITAL . .

TOTAL SHAREHOLDERS' INVESTED CAPITAL

METAL COMPONENT MANUFACTURE

Following are some of the more important contracts covering manufacture of motal components and assemblies during World War II:

Contract	îtem
W1300-CWS-101	4.2" Chemical Mortar Shell,
W04-205-CWS-6	M2 and M3 alternate
W1300-CWS-14	Metal assemblies, incendiary bomb, AN-M54
W04-205-CWS-31 & 32	Adapters, Cluster 500 lb. M1
MCc10312	Ship Mast Platforms
W04-200-ORD-154	Helium Retention Apparatus
W535-AC-35738	Aircraft Camera Magazine, Type A-8
W535-AC-35335	Laboratory, Photographic, Portable, Airborne, Type F-3
Subcontract from Northrop Aircraft, Inc. under prime contract No. W535-AC-21061	Aircraft Engine Mount Assemblies
Subcontract from Northrop	
Aircraft under prime contract No. W535-AC-16	Aircraft Cowl Flap Support Ring Assembly
NOrd-7605	5" Rocket Head, Mark 10, Model 9
American Locomotive Company Montreal Locomotive Company Fisher Tank Division (General Motors) Pullman Car Company	
Federal Machine & Welder Company	Track Volute Spring Suspensions
Food Machinery Corporation Ingersoll Seel & Disc, Division	

of Borg Warner Corporation

STATEMENT OF CONSOLIDATED INCOME

For the years ended December 31, 1950, and December 31, 1949

SOURCES OF INCOME	14	950			
Sale of products	#13 315 010	1747			
Discounts, commissions, and interest earned	931901		\$30,940,489		
Net gain on disposals of land buildings			110.434		
and equipment	97,958		-		
Other	57,024		12.573		
TOTAL INCOME	\$43,605,786	100.00%	\$31.029,546	100.00%	
APPLICATION OF INCOME TO COSTS					
Materials and services purchased Wages, salaries, and related cost of social security taxes, unemployment taxes,	\$29,213,109	67.00	\$20.437,304	66.03	
group insurance, and pensions	8,881,852	20.37	7.074.915	22.80	
and equipment (depreciation)	588,260	1.35	496.003	1.60	
Interest expense	206,632	.47	152,448	.49	
Other charges	45,696	.10	_	_	
State, local and general taxes	228,901	.52	103.374	.33	
Estimated federal taxes on income	2.200,000	5.05	1.050.000	3.38	
P.D	841.364,450	94.86	\$29.361.044	91.63	
REMAINDER OF INCOME (NET INCOME)	\$ 2.241,336	5.14	\$ 1.665.502	5.37	
DIVIDENDS DECLARED DURING THE YEAR					
Preferred (1950—\$3.00 per share; 1949—\$2.76 per share; Common (1950—\$.70 per share;	\$ 113,460		\$ 109.425		
1949-\$.671 ₂ per share)	846.714		677.873		
INCOME FOR THE YEAR RETAINED FOR USE AND GROWTH OF THE BUSINESS.	7 700.201		\$ 787,298		
See notes to financial statements	8 1.281.132		\$ 878,204		

OUALTY APRODUCTS FRAIK MODERN MARKET IN THE STROKE STROKE

the formula for M success























ANNUAL REPORT - 1951

AFFILIATED GAS EQUIPMENT, INC.

ANNUAL REPORT . 1951

bryant

Manufacturers of

bryant

DAY 6 NIGHT

quality heating, air conditioning

DAY & NIGHT

Payne

and water heating equipment

Payne

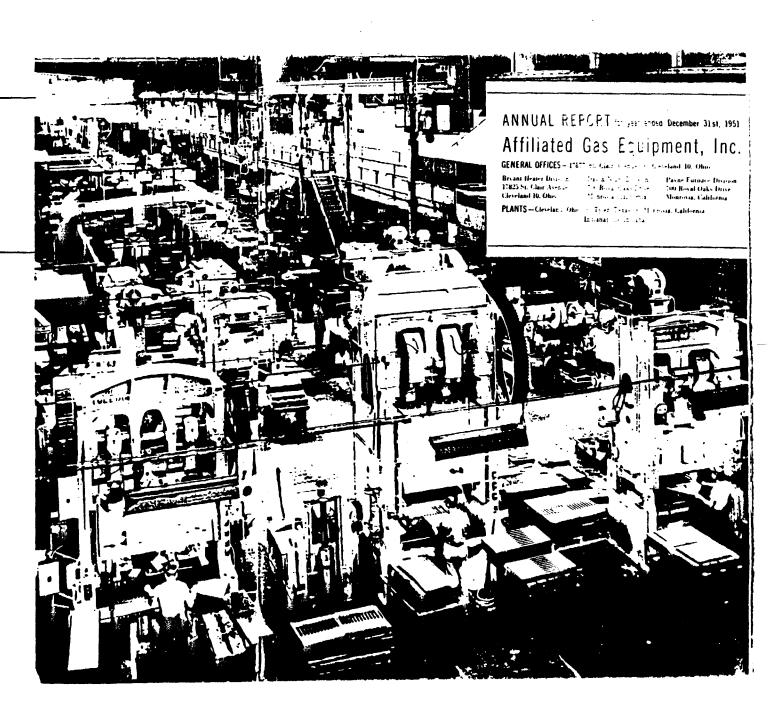
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Affiliated Gas Equipment, Inc., manufactures and sells equipment designed for comfort and convenience in heating, water heating, and air conditioning. In addition, it manufactures industrial combustion equipment, gas range ignition devices, and air dryers. Its products are advertised nationally and sold under the well-known brand names of Bryant, Day & Night, and Payne. AGE products which utilize gas and oil for fuel, serve the bosse, office, factory, store, and public building.

The three brand names on Affiliated products have been established for more than 40 years. They have long been associated with the growth of the gas industry and have led the field of automatic heating and water heating.

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Board of Directors

WILLIAM J. BAILEY, JR.
Vice President and General Manager
West Cantl Operations
Affiliated Gas Equipment, Inc.

FRANCIS H. BEAM Senior Vice Premdent The National City Bank of Cleveland ALLEN L. BILLINGSLEY

President Fuller & Smith & Ross Inc.

MICHEL J. FORTIER
Vice President and General Manager
The Shervia-Williams Co.

LYLE C. HARVEY
President and General Manager
Affiliated Can Equipment, Inc.

WILLIAM A. MCAFEE
Parmer, McAfee, Groomaa, Taplin,
Hanning, Newcomer & Hazlett

NORBERT A. MCKENNA Partner, Reynolds & Co.

Officers

LYLE C. HARVEY
President

WILLIAM J. BAILEY, JR. Vice President

JAMES A. HUGHES Vice President

PHILIP W. SCOTT Vice President, Secretary and Treasures

GEORGE A. KAUTZ Controller

RICHARD L. KUHN Assistant Secretary

R. KEITH RYAN Assistant Secretary

JOHN A. WILSON Assessed Secretary

Transfer Agents

For common and preferred stock— The New York Trust Company, New York, N. Y., and The National City Bank of Cleveland, Cleveland, Ohio

Registrar

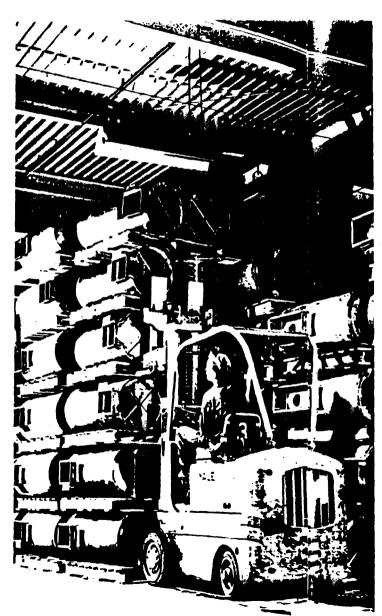
For common and preferred stack— Bankers Trust Company, New York, N. Y., and Central National Bank of Cleveland, Cleveland, Ohio

Exchanges

Common and preferred stocks listed on The New York Stock Exchange and Midwest Stock Exchange.

Annual Meeting

The annual meeting of shareholders will be held on April 30, 1952, at the office of the company. Notices and prospec for this meeting will be mailed to shareholders on the near future.



Facts in Brief

7			
	1951	1950	1949
OPERATING RESULTS			
Net Sales and Other Income	\$ 41,321,185	\$43,905,786	\$31,029,546
Total Costs and Expenses	37.361.420	39.164.450	28.314.044
Income Before Federal Taxes	\$ 3,959.765	\$ 4.441.336	\$ 2,715,502
Federal Income Taxes	2.152.004	2.50.000	1,050.000
Remainder of Income (net income)	\$ 1,807,761	\$ 2241.336	\$ 1,665.502
Dividends Declared to Shareholders	594,490	960.204	787.298
Income Retained in the Business	8 1.213.271	\$ 1.221.132	8 878.204
FINANCIAL POSITION		***************************************	
Current Assets	\$28.547.606	\$12.508.383	\$13,500,893
Current Liabilities	14.831.563	6.473.635	3,779,508
Net Current Assets (working capital)	\$13.716.043	\$12-134.748	\$ 9,721,385
Ratio of Current Assets to Current Liabilities	1.92 to 1	2.86 to 1	3.57 to 1
Total Assets	\$36.027,426	\$25.094.637	\$18.594,237
Less Total Liabilities	20.651.563	10.274.635	7.579.508
Shareholders' Invested Capital	\$15.375.863	\$14,220,002	\$11,011,729
which was represented by:			
Preferred Stock	\$ 1.749.896	\$ 1.528.972	\$ 1,956,925
Common Stock	1.225.020	1.200.020	1,021,950
Capital Surplus	9.028,340	9.409.674	7,157,650
Income Retained in the Business	3,372,607	2159.336	878,204
Number of Shares Outstanding - Preferred	37.332	38.666	40,000
(year-end) Common	1,216.020	1,209,720	1.004,250
PER SHARE DATA			
Net Income - Preferred	\$48.12	\$37.97	\$11.61
- Соштоп	1.40	1.76	1.55
Dividends Paid-Preferred	3.00	3 00	2.76
~Common	.60	.65	.521/4
. Net Current Assets per Common Share	11.28	9.95	9 68
Invested Capital - Preferred	50.00	50,00	50 00
Common	11.12	10.14	8.86

o or a crattery, Arch Procurent, matches laboratory sess of a new, more compact unit houses.

Message from the President



Business conditions during 1951 were unusual for several reasons. In the space of one year, we faced a period of boom demand for civilian products, a sharp decline of this demand, transition to defense production, mounting inflation, and greatly increased taxation. A quarterly review of the year appears on pages 12 and 13. I am sure you will find it very interesting.

I wish it were possible for me to sit down and discuss with you personally the story of 1951. Each of you, as a holder of AGE stock or as a worker with me in one of our plants or offices, would like to talk about some phase of our operations. Time and distance prevent such discussions, but I will try to trace with you the high lights of the year.

SALES AND EARNINGS

Total income from sales and other sources totaled \$41.321.000. Of this, \$8.000,000 represented defense products. In 1950, when we had no defense production, our total income was \$43.606.000.

Net earnings for the year amounted to \$1,008,000. After preferred dividends, this was equal to \$1.40 a share on our common stock. The comparable figure for 1950 was \$2,241,000 or \$1.76 a share.



The first quarter of the year saw the demand for consumer hard goods continuing at the very high level established after Korea. Our shipments were higher than in any previous first quarter in the history of AGE or of its combined predecessor companies.

In the second quarter, the post-Korea being boom suddenly reversed itself. A very serious drop in consumer demand affected almost all lines of civilian hard goods. Naturally this condition was reflected in our results for the quarter.

At about the same time, we were preparing our plant and equipment for defense production. This, of course, added to our operating costs.

Civilian demand picked up in the third quarter, and approached a more normal seasonal trend. Delense shipments also increased and had reached \$1.000,000 a month by the enc. If the quarter. The cost-reduction programs we had inaugurated earlier in the year began to show results.

Shipments of civilian goods remained relatively high throughout the fourth quarter. Shipments of defense products - which had been held back by the hottleneck in machine tools—seached the level of \$1.700,000 monthly.

Higher taxes are taking an ever-increasing share of our income. In 1949, 39 cents of every dollar of our taxable income went for federal income taxes. In 1950, this became 49 cents; in 1951, it rose to 54 cents. We estimate that the present Revenue Act will require about 60 cents of each dollar of our taxable income in 1952.

DIVIDENDS

The regular dividend of \$1 a share was paid on our preferred stock. Payments of common dividends amounted to 60 cents a share, compared with 65 cents in 1950.

Our results for the second quarter indicated that earnings for the year would be lower than last year's. In addition, the Petroleum Administration for Defense had proposed far-reaching restrictions concerning both manufactured and natural gas. In the face of these conditions, our directors reduced the quarterly common dividend from 20 cents to 10 cents. While the gas restrictions which were put into effect were less stringent than originally proposed, they did have an effect on our market for the remainder of 1951, and we believe our directory action was in the best interest of shareholders.

Beginning with the first quarter of 1952, there will be a change in the date of our common dividend. Future payments will be made on the fitteenth day of March. June. September and December. Our Board plans to hold its meetings for dividend action during the fourth week of February, May, August and November. Under this revised schedule, our directors will be better able to judge the trend of the quarter's earnings, and be guided accordingly.

NEW PRODUCTS

During the year, our research and development work resulted in some important new products. We introduced a new room air conditioner of the window type, and have had excellent results in our field tests. New models of suspended-type unit heaters were developed. We also introduced a new model floor furnace, and a new furnace for perimeter heating. The latter is a basically new conception of a heating installation for hasementless homes, and AGE has been a leader in its development.

OUR PART IN THE DEFENSE PROGRAM Our backing of undelivered defense contracts at the close of the year totaled approximately \$35,000,000. This includes orders for subascemblies for medium tanks, Navy tocket heads. Army ammunition and subassemblies for jet aircraft. This latter program is a new one for us. and puts us in the important field of subcontracting for aircraft manufacture.

Because of the heavy initial expense of starting these programs, government business did not contribute materially to our profits for the year. To finance defense production, AGE completed a regulation V-type loan commitment with three banks for a total of \$9,000,000. At the year-end, \$6,150,000 of this amount was being used for inventories, receivables, and facilities for defense production.

THE YEAR ABEAD

While the task of setting up our defense production was a large one and is still not completed, we were able to accomplish a great deal in this direction without undue influence on our civilian products. We expect to continue supplying our civilian markets to the fullest extent possible, although material shortages may be a limiting factor in 1952.

With the defense contracts now on hand, and with civilian demand expected to continue, we believe that our 1952 sales volume should exceed that of 1951.

As this Report goes to press, the Cleveland plant of the Bryant Division is on strike. The dispute arose over the question of administration of company-paid pensions. How long this work stoppage will last and its effect on operations cannot now be measured.

AGE, like every other American business is dependent upon people—upon you men and women who invest your savings with us and you who work in our plants and offices. To atl of you, I want to pledge myself and the test of our executive staff to building a future of continued growth.

Sincerely your

Lari C. Hawar, Providen

INCOME ANALYSIS

Total income for the year amounted to \$11,321.000. Of this \$33,105,000 represented sale of civilian goods and \$7,979,000 was received from the sale of defense products. Sale of civilian products in 1950 totaled \$43,216,000 with no defense shipments in that year.

Net income before federal income and excess profits taxes amounted to \$3,960.000, compared with \$4,441,000 for 1950. The portion of the total income represented by net before taxes amounted to 9.6% in 1951, compared with 10.2% in 1950. With inflation of costs, the softening of industry prices in the second and third quarters, and the lower percentage on defense products, we feel that the holding of the margin before taxes was satisfactory.

Net income alter provision of \$2,150,000 for federal taxes amounted to \$1,808,000 or \$1.40 a share. In 1950 the net income was \$2,241,000—\$1.76 a common share. The provision for federal taxes in 1951 was 54% of taxable net income, equal to \$1.77 a share. Compare this with 49% in 1950, and 39% in 1949. It is expected that in 1952 taxes will take 60% of taxable net income.

Our net income was equal to 4.4 cents of each dollar of sales. This compared with 5.1 cents in 1950 and 5.4 cents in 1949.

On pages 12 and 13 there is a discussion of operations by quarters. In the fourth quarter, the income was affected by year-end adjustments. In addition to such usual adjustments, return to

income of unused product reserves charged to operations earlier in the year, and the determination under the new revenue act of the over-provision of the prior year's taxes, added to income in that period.

Dividends paid during the year amounted to \$108.000 on preferred stock and \$728.000 on common stock—a total of \$836,000. In 1950, dividend payments totaled \$960.000.

Net income retained for future growth was \$1.213,000 for the year. In 1950, the retained net income amounted to \$1.281,000 and in 1949. \$678,000.

Several applications have been filed with the Federal Covernment for authority to take accelerated amortization on certain facilities used in defense production. No amount of amortization was taken into operations in 1951. However, one approval has been received from these applications and such amortization will be taken beginning with January, 1952.

Sales of defense products and a very small portion of civilian products are subject to over-all price renegotiation. In addition, certain defense orders provided for individual contractual price redetermination which in some cases will be with the Government and in others, with prime contractors to whom we supply parts or components.

For 1951, it is anticipated that the price renegotiation refund, if any, and refunds resulting from price redetermination proceedings will not be substantial

FINANCIAL POSITION

WORKING CAPITAL

Net current assets at the close of the year amounted to \$13.716.000, an increase of approximately \$1.682.000 over the level at the end of 1950.

To finance our growing defense production, we completed arrangements in June for a self-liquidating. regulation V-type commitment amounting to \$9,000,000. This loan commitment was made by The National City Bank of Cleveland, The New York Trust Company and Bankers Trust Company. At the year-end we were using \$6,150,000 of this sum.

Both current arsets and current liabilities at the end of 1951 were substantially higher than at the beginning of the year because of defense production activities. Included in current assets were \$3.528,000 of defense production inventories; \$1.067,000 of defense receivables; and \$2,090,000 of facilities for which we are to be reimbursed by the government or our prime contractor.

The current liabilities included the balance on our regulation V-type loan of \$6,150,000.

As has been customary in our civilian husiness, we made short-term borrowings during the year. These loans, which reached a total of \$2,000,000, were outstanding at the end of the year. Repayment of this amount will be made during the first quarter of 1952. In our 1950 Report we gave the details of the increase of \$2,000,000 in our long-term delst, completed on January 19, 1951.

Civilian inventories at the year-end totaled

\$10.115,000, approximately \$100.000 above the level at the beginning of the year. These inventories reached a peak of \$12.700,000 at the end of June. With the rather sudden drop in demand in the second quarter, it became necessary to institute an inventory reduction program. The success of the plan is evident in comparing the June inventory peak with the year-end total.

PLANT AND EQUIPMENT

Additions to plant and productive equipment totaled \$1,600,000. The building additions referred to in our 1950 Report amounted to \$600,000. These additions are now devoted principally to defense production. Allowances for wear on plant and equipment for the year totaled \$712,000.

One of the principal financial problems facing industry today is the inflation of costs affecting plant and productive equipment. Under present tax laws, allowable reserves are based upon the cost of plant and equipment purchased in earlier years, and fall far short of the amount now needed for replacement. Such a problem places an added burden on profits retained for future growth.

PREFERRED STOCK RETIREMENT

As required by the provisions of our preferred stock, the Board of Directors authorized the retriement of 1.333 shares of this issue on February 16, 1951. These shares had been purchased in the open market. As of the end of 1951, the company held 2.272 shares for retirement in 1952 and later years.

Source and Use of Funds - 1951

SOURCE OF FUNDS

200KCE OF LOUD2	
Net Income	
Add adjustment for costs not representing cash payments	\$2,552,411
Increase in long-term debt less current portion	1,419,000
Sale of common stock to employees	50,400
FUNDS PROVIDED	\$4,021,811
USE OF FUNDS	
Additions to plants and productive equipment (net)	\$1,569,749
Increase in net current assets	1,681,295
Dividends	
Preferred	
Common	591,490
Purchase of preferred stock for retirement	81,410
Other uses (increase in deferred charges, other assets, etc.)	94.867
Funne Used	\$4,021,811

Distribution of Income Received

	199	51	1950		
Net sales and other income	\$41,321,185	100.0%	\$43.605.786	100.0%	
Distribution:					
Materials and services	\$27.270.381	66.0%	\$29.213.109	67.0%	
Wages and salaries and related costs	8.564,548	20,7	8.881.852	20.4	
Wear of plant and equipment	711.626	1.7	\$88.260	1.3	
Interest and other charges	436.980	1.1	252,328	.6	
State and local taxes	377.865	.9	228.901	.5	
TOTAL	\$37.361.420	90.4%	\$19,164.450	89.84.	
Remainder of income hefore Federal taxes and dividends	\$ 3.959.765	9.6%	\$ 4.441.336	10.20	
Federal taxes on income	2.152,001	5.2	2,200.000	5.1	
Dividends	594.490	1.5	960,201	2.2	
TOTUL	\$ 2.746.491	6.7%	\$3,160,204	7.3%	
Income retained in business	\$ 1.213.271	2.9%	\$ 1.281.132	2.9%	

ENGINEERING AND DEVELOPMENT

Engineering and development activities during the year made progress in several important fields. Considerable work was done on product improvement. Style and design of certain products were simplified. We were also able to improve manufacturing processes and reduce operating costs.

Along with this program went the study of material usage. New and more readily available materials were tried and studied as substitutes for older materials which were in short supply. In every such case, our objective was a suisfactory material which would not lower the quality of our products. This made our task more difficult, but we maintained our standard of performance.

The existence of restrictions on gas in some areas stimulated development of dual fuel combustion equipment. Such equipment provides automatic change-over to liquefied petroleum gas in place of natural gas when outside temperatures fall below a certain point. Our engineers pioneered in this field and we are the first company to have a complete line of such equipment available.

Such gas restrictions also stimulated further work on our oil-fixed equipment. Research is now being completed on several lines of oil equipment, so that we will soon be offering a wide line. Much of this equipment is suitable for easy conversion to natural gas at a later date, when the gas restrictions are cased or removed.

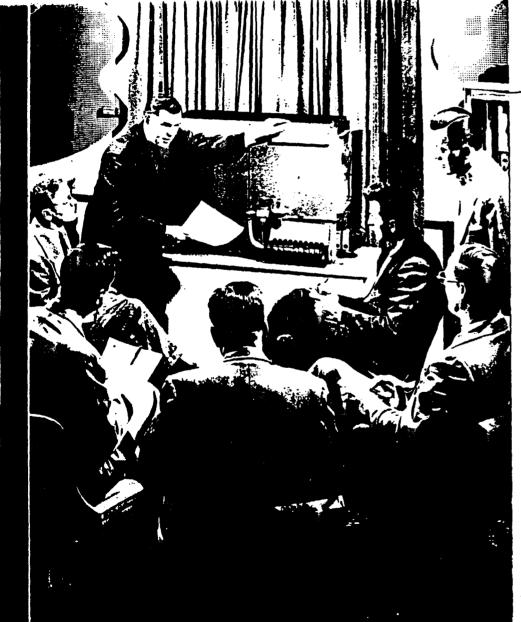
New models were developed for unit heaters, water heaters, wall circulators and floor furnaces. In each case, the new line improved styling and quality, yet combined savings in manufacturing costs. Much time and work were devoted to improving the water beater equipment with corrosion-resistant materials.

New developments in new fields were completed and subjected to successful field tests. A line of window-type room coolers or air conditioners was completed and is giving very satisfactory results. In 1952, this product will be in regular production to the extent permitted by material shortages.

Engineering was also completed on duct coolers for comfort conditioning of entire homes in the summertime. This is a new concept of cooling technique and our line will be the first of its type to be offered to the public.

In the field of defense production, our engineers have been working with the Armed Forces on many new aspects of combustion, heat transfer and air conditioning. Large air dryers for the Air Force and special heat transfer problems have been explored in completely new fields of development. Some of these have resulted in production contracts and others may lead to substantial new orders. Whether such production contracts materialize is less important than the fact that our company's engineering talent is contributing to some significant developments for defense purposes.

With the establishment of an aircraft department at West Coast Operations we added to our engineering talent. A new staff of engineers is currently working with one of the large aircraft producers on the development of components for a new jet type military plane.



SALES AND MARKETING

The products of Affiliated Gas Equipment are sold and distributed under the brand names of Bryant. Day & Night and Payne. Each division has a completely integrated wholesale and retail distribution system and the sum total of the sales outlets of all three divisions represents an over-all product distribution system that is outstanding in our industry.

From our manufacturing plants, our products flow first to our wholesalers, consisting of independent distributors, factory sales branches and jobbers and wholesalers of plumbing and heating equipment throughout the country. These distributors or wholesalers are the key factors in our sales coverage and promotion with the thousands of retail dealers who sell our products to the utilimate user and who handle the installation. In some areas the gas utilities do the selling to the user.

The retail dealer looks to sound wholesaling for product education, service assistance, local promotional and sales help as well as adequate inventory coverage.

All of our products must be installed and their satisfactory performance depends not only upon their design and construction, but also upon their proper installation. Therefore, the selection, training and co-operation of the retail sales outlet is of maximum importance. Sales and product training schools are a continuing and expanding part of the programs of each division. Product films and demonstration models are made available to distributors for training their own salesmen. Each wholesale salesman, in turn, uses this material in a continuous process of sales and service training of the individual retail dealer and the

personnel of his organization.

The constant search for qualified retail sales and installation outlets and the training and service of these outless by the wholesaler have been the most important marketing activities of the three AGE divisions since World War 11. As the network of natural was transmission lines has spread to virtually all parts of the country, the total number of retail dealers handling our products has increased many times in order to keep pace with the vastly increased potential for gas heating and water heating. Rural markets have also received our increasing attention through the medium of our products equipped for LP-Gas and fuel oil. Recent product developments in summer air conditioning have opened a new and rapidly-growing field that will offer our field organizations a new and added opportunity for increased business.

Market research, conducted in Cleveland for the Beyant Division and on the West Coast for the Day & Night and Payne Divisiona, is playing an increasingly important part in our sales programs. Market research studies include the examination of the potential and the desired specifications of new products, production forecast and specific sales quotas for existing territories, and the study of over-all trends and potentials of our industry.

The three well-known brand names of Affiliated, have for many years been recognized as leaders in our industry. It is our objective, not only to offer three quality lines of equipment and to expand into chosely related fields such as air conditioning, but also to constantly support, build and strengthen our three distribution systems.

Major Appliances

Hard Goods Except Automobiles

and Furniture.)

MAJOR APPLIANCES PRODUCTION IMDEX 1951

brisk more established after Kores. Production kept at a high level. There was a general feeling that material shortages would soon appear as the result of defense production - that

FIRST QUARTER

Consumer demand continued at the

shortages of materials, not lack of demand, would determine the level of business for the year laventory accumulation was gen-

eral in the channels of distribution and at the factories. Price inflation was expected to continue as the defense program - then largely in the planning stage-got under way.

SECOND QUARTER

THIRD QUARTER

FOURTH QUARTER

Experted material shortages did not develue, Public curtailed buying after extended post-Korea buying boom Prices became uncertain and weaker. Government talked of price roll-backs.

Immery turnover slowed down. Presente to liquidate inventories occarred with the wholesaler and retailer, with resulting price weakness. Factors production schedules were

Change over to defense production was much slower than expected and the tooling problem became more New orders in July and August continued at the lower level set late in the second quarter. Production was cut back further. Inventories were still high, although some reduction had been accomplished. Early in the quarter prices remained uncertain. alter having leveled off for several

In September, there was some pickup in new orders. Some factories were able to increase output. Inflation pressure of wages and costs continued upward. Prices tended to become firm late in the quarter.

Reports of corporate earnings showed marked declines because of increased taxes, rising costs and lower volume. Some dividends were reduced and some dividend extras were omitted because of lower corporate earnings.

New orders began a slow rise as held inventories declined and had to be replaced. General indications were that costs and prices would soon start up again.

Defense production increased, but was still delayed because of tooling

Affiliated Gas Equipment, Inc.

AGE UNIT SHIPMENTS 1951

AGE UNIT SHIPMENTS 1951 ON USUAL SEASONAL PATTERN

Sales of civilian products totaled \$9,830,000; net income \$106.000 (after 55% provision for taxes) the highest sales and net income of any first calendar quarter for AGE or predecessor companies. Production and shipments were high at all plants. Distributors and dealers were adding to inventory. Planning and tooling started for defense production. We received first large defense subcontract for subassemblies for Army medium tanks. We had previously obtained contract for Navy rocket heads. Backlog of defense contracts at the end of the quarter was \$12,000,000.

Sales of civilian products \$6.-575.000: sales of defense products \$581,000; pet loss \$99,000.

New orders fell off sharply from the first-quarter level. Cost and expeace reduction program for all levels of operation was started. Distributors and drafers found inventories high in relation to sales and stopped ordering. Manufacturing schedules in all plants had to be cut. Prices softened in our industry as manufacturers, distributors and dealers endeavored to more excess inventory.

Delensa production started in a small way. Expenses of reassanging. facilities and getting into defense prode tion increased. First shell contrart was received. Backlog of defense order: was \$23,000,000 at the end of the quarter.

Sales of civilian products \$7,302. 000: sales of defense products \$2,-530.000; net income \$216,000.

Petroleum Administration for Defense proposed nationwide restrictions on gas for house heating. Sharp protests were heard from all sections of the gas industry. As a result, the final order issued in August was less damaging to our business than the original proposal.

riginal proposal.

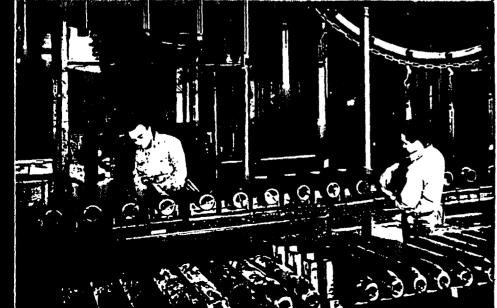
Cuts in manufacturing achedules reduced factory inventory during the nuarter. Cost reduction programs took effect and operations were returned to profit after second-quarter. loss. Some gas restrictions lifted in certain areas. Prices firmed as inventories declined.

Defense production was under way on tank subassemblies and parts and Navy rockes heads. But schedules were set back because of shortage of machine tools. Backlog of defense contracts at the end of the quarter amounted to \$30,000,000.

Sales of civilian products \$9,-398,000; sales of defense products \$1.865.000: net income tafter yearend adjustments: \$1,285,000.

Distributors and dealers reordered as their inventories declined. Factory inventories were further reduced and brought into better balance with sales volume. Additional house heating installations were accepted by many gas companie

Defense production was greatly in creased over previous quarter. Origi inal schedules still could not be met because of machine tool shortage AGE received first major subcontract in aircraft production. Backlog of defense contracts at the close of the quarter was \$15,000,000).



PRODUCTION

All of our plants were operating at unusually high levels during the first few months of the year. During this period, shortages made it impossible for us to obtain sufficient quantities of regular mill steel. As a result, we had to buy conversion steel at substantially higher prices. This added about \$500,000 to our cost of doing business for the year (in 1950 such premiums were only about \$75,000). All of this premium steel had been used by the year-end.

When new civilian orders fell off sharply late in the second quarter, production operations were cut back. At about the same time, we undertook a vigorous cost-reduction program.

By mid-year civilian inventories amounted to \$12.700,000. Increased effort was placed upon inventory control and by the year-end these inventories had been reduced to \$10,115,000. We consider that our inventory position is sound and balanced sufficiently to face the impending shortages which now seem likely to occur during the first part of 1952.

During the year, we spent \$1,600,000 for additional plant and productive equipment. Of this amount \$1,000,000 was spent for civilian production—\$600,000 for plant and buildings and \$500,000 for productive equipment. The plant and buildings total includes the additions for Cleveland and Indianapolis, which were completed in 1951. These additions are now being devoted to defense production.

The greater part of our defense production machinery and tooling is being supplied to us

under government-financed facility contracts.

Such contracts reached a total of \$4,935,000 during the year. Our own expenditures for plant and productive equipment for the defense program cost \$518,000.

The biggest production problem in 1951 was the setting up of the defense program. Most of the building additions added to our West Coast Operations in the last several years had to be converted to the production of rocket heads for the Vavy and subassemblies for aircraft.

In Cleveland and Indianapolis, production was started on subassemblies for the medium tank for the Army.

Our entire London Road plant in Cleveland is now devoted to the production of shells. The operations formerly carried on at London Road have been moved to newly leased plant space.

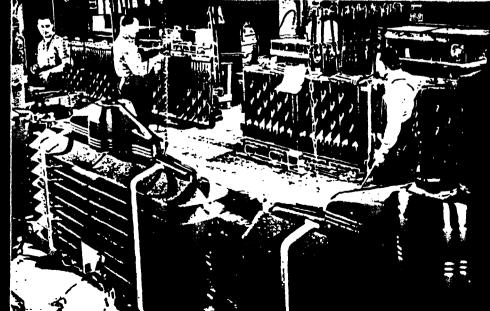
Throughout the defense production program there has been extreme difficulty with machine tool requirements. This has been a nationwide problem and has led to delay in meeting schedules. Our current requirements for machine tools now seem fairly well set, and we shall be able to reach the required production schedules by the end of the first quarter of 1952.

While the task of setting up our defense program has been a big one, we were able to accomplish it without any serious effects on our crystem production. We expect to continue supplising our regular market to the greatest extent possible in line with the availability of materials.

#AGE participation in dejense effort includes production of precision machined rucket heads

The Hevigage steel heat exchanger is the efficient

heart of many worm-air



SHAREHOLDERS

There are 420 shareholders of our preferred stock. The larger portion of this issue is held by several investment trusts. At the year-end the preferred shareholders had invested \$1,867,000 in Affiliated. During the year these shareholders received the regular \$3.00 preferred dividend. Net income amounted to \$48.42 on each of the 37.332 preferred shares outstanding.

The large group of our shareholders are the owners of Affiliated common stock, numbering some 6.200. Who are these shareholders? Where are they located? What are their holdings of AGE common stock? These questions interested us and we had a survey made of our shareholder list. This study showed:

	No. of Share- holders	No. oj Skores Held
Men	3,114	387,398
Women	1.592	199,149
Joint Accounts	1.225	111,469
Total Individual Shareholders	5,931	698,316
Stockbrokers and Security Dealers tholding a ma- jority of their shares for	•	
individuals)	213	453,073
Others (institutions, in-		
veriment trusts, etc.)	66	64,631
Total	6.210	1.216.020

We have shareholders in every one of the states. The ten leading states in order of the number of shares held are: New York, Illinois, Pennsylvania, Ohio, Delaware, New Jersey, Missouri, California, Massachusetts, and Michigan. Shareholders are also located in Canada and England.

These shareholders were divided as to hold ings as follows:

Owners	of	1	to	99	shares		2,350
Owners	of	100	lo	999	shares		3,702
Owners	oſ	over	99	45 G	ares .		158

The average holding of common stock was 196 shares. Each share of common stock represented an investment of \$11.12 - \$2.180 for the average holding of 196 shares.

Our shareholders of common stock had invested in AGE at the close of the year a total of \$13.509,000.

Net income for the year, before federal taxes, amounted to \$3.17 a common share. But increased tax rates took well over half of this amount, leaving net income after taxes \$1.40 a share. Dividend payments for the year totaled 60 cents a share.

A folder has been included at the back of this Report in order that our shareholders, as well as others receiving this Report, will better understand the line of products manufactured and solid by our divisions: Bryant. Day & Night and Payne. Extra copies of this folder will be mailed to you upon request. It is a handy way to tell your friends about AGE and the products of its divisions.

From time to time during the year, shareholderhave written to ask questions or comment upon operations. Such letters are always welcome and seceive careful consideration from our management staff.

New overhead unit for commercial and industrial space heating supplies quiet, radians type heating.

Proved accurate by sest,

gas control valves like these make heating





EMPLOYEES

What does it take to run a successful business? It takes people. It takes plants and machinery. And it takes money. For an understanding of how much money each employee's job requires, we grouped all employees together and related the total number of various statement figures.

The following table presents the results of this study on a per employee basis:

Blowers for quiet circulation of worm air are sessed for perfect bal ance before final as

	1991	1930	1343
Average number of employees	2.275	2,300	1,885
Cost to company of wages, salaries, social security taxes, insurance and pensions applicable to year's business per employee	\$3.770	\$3.860	\$3,750
Investment by shareholders and insurance companies for build- ings, machinery and equipment and money to operate the			
business per employee	9.300	8,100	7,850
Federal, state and local taxes paid by the company per employee	1.100	1,050	610
Net income retained by the company from operations per employee	530	560	465

Our wage rates were increased through general adjustments and merit raises put in effect during the year. It has been and will continue to be our policy to pay wage rates that are equal to or higher than rates for comparable work in the particular area where each plant is located.

Production workers of the Bryant Division plants in Cleveland. Ohio, are represented by Local 337, International Union. United Automobile. Aircraft and Agricultural Implement Workers (CIO), and the Tyler, Texas, plant by Local 888 of the same Union. Local 4315. United Steel Workers of America (CIO) is the hargaining agent at the Indianapolis. Indiana. plant. The production workers for Ilay & Night and Payne Divisions are represented by the Metal Trades Council of Southern California (AFL).

All questions of wage adjustments and employee relations are handled on a local plant basis. During the year, all such questions were negotiated by the unions and company representatives without any lost time because of work stoppage.

Under our salary administration plans, plant managements reviewed individual performance at regular intervals and adjusted for merit where indicated. In addition, some general increases were also made in certain salary groups.

We want to thank our employees for the excellent co-operation they have given us in the past. We realize how much it has contributed to the progress we have made, and how important its continuance is to our company's future.

Paneltay Wall Furnaces for low-cost radiant heating are assembled on this efficient production line.

STATEMENT OF CONSOLIDATED

FINANCIAL CONDITION

DECEMBER 31, 1951, AND DECEMBER 31, 1950

1050

ASSETS AND CURRENT LIABILITIES

CURRENT ASSETS	1951	1950
Cash	\$ 8,221,498	\$ 3,950,762
Accounts and notes receivable:	• -,,	• -,,,
Civilian (less \$52,000 allowance for uncollectible accounts)	3,059,668	4,563,018
Defense	1,066,793	-0-
Investories - Note A		
Civilian	10,115,240	9,994,603
Defense	3.527.932	-0-
Reimbursable costs - defense facilities contracts	2,089,593	-0-
Deferred costs - defense production	466,882	-0-
TOTAL CURRENT ASSETS	\$28,547,606	\$18,508,383
LESS CURRENT LIABILITIES		
Notes payable to banks	\$ 8,150,000	\$ -0-
Portion of long-term debt due within one year	581,000	499,000
Accounts payable and accrued liabilities	3,800,563	3,515,156
Estimated federal taxes on income ,	2,300,000	2.217,535
Dividend payable on common stock	-0-	241,944
TOTAL CURRENT LIABILITIES	\$14,831,563	\$ 6,473,635
NET CURRENT ASSETS	\$13,716,043	\$12,034,748
OTHER ASSETS		
Plant and equipment,		
less allowance for west - Note B	6,875,18\$	6,017,062
Deferred expenses (organization, insurance, tax, and other) .	498,024	415,464
Remaining installments under employee stock purchase plan.	72,000	98,100
Sundry receivables	34.610	55.328
TOTAL ASSETS - AFTER DEDUCTING		
CURRENT LIABILITIES	\$21.195,863	\$18,621,002

LONG-TERM DEBT AND SHAREHOLDERS' INVESTED CAPITAL

(Notes bearing 4% interest, due in equal annual install- ments of \$400,000 with an additional annual payment of		
10% of act income for the preceding year; remaining amount due February 1, 1964. Amount due within one year included in current liabilities)	\$ 5.820.000	\$ 4,401.000
SHAREHOLDERS' INVESTED CAPITAL-Note C		
Preferred stock:		
Authorized — 1951, 37.332 shares; 1950, 38.666 shares lasued — 1951, 37,332 shares; 1950, 38,666 shares	\$ 1.866.600	\$ 1.933.300
Common stock:		
Authorized - 2,000.000 shares Issued - 1951, 1.216.020 shares; 1950, 1,209,720 shares Subscribed - 1951, 9,000 shares; 1950, 12,300 shares	1.225.020	1.222.020
Amount paid in and subscribed for stock by shareholders in excess of par value.	9,028,340	9.009.674
Income retained for use and growth of the business	3,372.607	2.159.336
•	\$15,492.567	\$14.324.330
Less cost of preferred stock of the Corporation purchased on open market for retirement – 1951, 2,272 shares; 1950, 2,016 shares	116.704	104.328
TOTAL SHAREHOLDERS' INVESTED CAPITAL	\$15,375,863	\$14.220.002
TOTAL LONG-TERM DEBT AND SHAREHOLDERS' INVESTED CAPITAL	\$21.195.863	\$18.621.002

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE A—laventories are priced principally at the lower of standard cost or market. Standards are periodically revised to reflect current operating canditions. Inventories at December 31, 1951, and December 31, 1950, custored of the following:

See notes to financial statements.

December 31, 1930. Call	400	ra i		ļø.	Non INE :	
CIVILIAN					1951	. 1950
Materials and supplies.					3 4,391,764	3 5.260.852
Work in pracess					7.637.632	1_193.853
Finished products					3, 46 , 344	3.339,898
DEFENSE					\$10,115,240	8 9,991,603
Materials and supplies .					5 2,123,844	8 -0-
Work in process					1,101,066	<u> </u>
					8 3,527,932	8 -0
Total	•	•	•		\$13.643.172	\$ 9.941.003

aisered of th	4 14	Him	s s mg	:							1951		1950
اسما											251,207		233.627
Buildings											3.174.553		2174.014
Machinery											3.061.272		1,602,194
										7	8.487.032	7	7,010,135
Less allows	ace.	for	we	w (de	pr	r i	atio	p a)		1,611,846		993.073
Ta-										-	6.875.186	-	6.017.062

NOTE C.—The preferred stock to \$3.00 cumulative, par value of \$50.00 per share, and the common stock has a par value of \$1.00 per share. Each share of preferred stock has attacked a warrant to purchase one chare of common stock at \$11.25 per share, which wormst expires January 15, 1954. The preferred stock is redeemable at \$53.00 per share through January 15, 1953, 1852.5 per share through January 15, 1953, 1952, and \$51.25 thereafter. The terms of the preferred stock also provide that the Corporation shall reirie annually, be purchase or redemption, 3½.75 of the number of shares issued prior to the close of the next percedual fixed year. Preferred stock redeemed for this purpose shall be at \$51.75 per share through January 15, 1953, and \$51.25 per share through January 15, 1954, and \$51.25 per share three-fiver. The note agreements with banks in respect to certain short-term borrowings. (Vitype loan) for defenar production, and the provisions of the preferred stock neclude, among decision, and the provisions of the preferred stock neclude, among

other things, certain restrictions as to the paramets of dividends and other distributions. Under the lesegoing restrictions, as liversuber 31, 1951, 22,182,281 of accour restanced for use and growth of the bustness was available for the payment of dividends.

NOTE D.-Under the terms of certain agreements the Corporation has agreed, under certain conditions, to reacquire, under a secondary liability, certain new, unused products sold under such contracts.

NOTE E-Certain sales of the Corporation for 1951 are subject in price redefermination and renegotiation. It is not expected that adjustments resulting therefrom will have a material effect on the financial statements.

STATEMENT OF SHAREHOLDERS' INVESTED CAPITAL

STATEMENT OF CONSOLIDATED INCOME

Far the		D	21 1051	and December	- 41	1050
1 91 IDE :	Dabna 2165Y	December	31, 1951,	and December	r 31.	1950

• • • • • • • • • • • • • • • • • • • •		
CAPITAL STOCK—Note C	1951	1950
Preferred - \$50.00 par value	\$ 1.866.600	£ 1,933,300
Common - \$ 1.00 per value	1.225.020	1.222.020
TOTAL		
AMOUNT PAID IN AND SUBSCRIBED FOR STOCK BY SHABEHOLDERS IN EXCESS OF PAR VALUE		
Balance at beginning of year	\$ 9,009,674	\$ 7,157.650
Excess of amounts paid in and subscribed during year over par value .	21,000	1,850,717
Difference between cost of preferred shares retired over par value	(2,334)	1.307
Balance at end of year	\$ 9,028,340	\$ 9,009.674
INCOME RETAINED FOR USE AND GROWTH OF THE BUSINESS—Note C		
Balance at beginning of year	\$ 2,159,336	\$ 878.204
Remainder of income (net income) for the year	1,807,761	2.241.336
·	\$ 3,967,097	\$ 3,119,540
Cash dividends declared:		
Preferred stock (1951 - \$3.00 per share;		
1950—\$3.00 per share)	\$ 108,082	8 113.460
Common stock (1951-\$.40 per share; 1950-\$.70 per share)	486.408	846,744
	\$ 594,190	3 960.204
Balance at end of year	\$ 3,372,607	
	\$15,492,567	\$14,324,330
LESS cost of shares of preferred stock of the Corporation purchased on open market for retirement (2.272 shares and 2.016 shares	#1J,+72,JUI	614.924.93U
respectively)	116,704	104,328
SHAREHOLDERS' INVESTED CAPITAL AT END OF YEAR	\$15,375,863	\$14,220,002

See notes to financial statements.
() Indicates rad figures.

Board of Directors, Affiliated Gas Equipment, Inc Cirveland, Ohio,

We have examined the statement of consolidated financial condition of Affiliated Gas Equipment, Inc., and subsidiaries up of Decemher 31, 1951, and the related statements of consolidated incrume and shareholders' invested capital her the year then embed. Our examination was made so accordance with generally accepted southing standards, and accordingly included such texts of the accounting records and such other auditing procedures as we considered necessary in the circumstances. For the years ended December 31, 1951, and December 31, 1950

0011787 05 4110014 8	1951		1956)
SOURCE OF INCOME Sale of products	\$41,083,832		843,215,910	
Discounts, commissions, and interest earned	183,853		231.894	
Other	53,500		37.021	
Net gain on disposals of land, buildings,	30,300		31,024	
and equipment	-0-		97.958	
TOTAL INCOME	\$41,321,185	100.0%	\$13.6.5.786	100.0%
APPLICATION OF INCOME TO COSTS				
Materials and services purchased	\$27,270,381	66.0%	\$29,213,109	67.0%
Wages, salaries, and related cost of social security taxes, unemployment taxes,				
group insurance, and pensions	8,564,548	20.7	£28.1852	20.4
Allowance for wear of plant and equipment (depreciation)	711.626	1.7	522,260	1.4
Interest expense	358,260	.9	296.632	.4
Other charges	78,720	.2	45.696	- 3
State, local and general taxes	377.885	.9	223,901	.5
Sent' to ent aim femeral sares	\$37,361,420	90.4%	\$39,164,450	89.8%
REMAINDER OF INCOME BEFORE	637,301.420	30.474	437.104.430	07.0 /4
FEDERAL TAXES ON INCOME	\$ 3,959,765	9.6%	\$ 1.141.336	10.2%
ESTIMATED FEDERAL TAXES ON INCOME				
Provision for the year (excess profits tax — \$205,000 and \$315,000 respectively)	\$ 2,250,000	5.1%	8 2.370,000	5.1%
Adjustment of provision for prior year	(97,996)	1.21	-0-	-0-
TOTAL TAXES ON INCOME	\$ 2.152,004	5.20	\$ 2.250,000	5.1%
REMAINDER OF INCOME (NET INCOME)	\$ 1.807,761	1.1"	\$ 2.241.336	5.1%
DIVIDENDS DECLARED DURING THE YEAR				
Preferred (1951 - \$3.00 per share;				
1950 - \$3.00 per share !	\$ 108,082		\$ 113,460	
Common (1951 - \$.40 per share;				
1950 - \$.70 per share:	486,108		846.744	
	8 594,490		\$ 960,204	
INCOME FOR THE YEAR RETAINED FOR	A 1 013 001		# 1 apr 120	
USE AND GROWTH OF THE BUSINESS	8 1.213.271		\$ 1.281.132	
Considerate Consideration and the considerat				

See notes to financial statements.
() Indicates red figures.

In our opinion, the occompanying statements of consolidated financial condition, consolidated income, and shareholders invosted capital present fairly the consolidated financial position of Affiliated Gas Equipment, Iac., and substituties at December 31, 1951, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a hasis consistent with that of the preceiving year.

Cleveland, Ohio January 21, 1952 ERNST 4 ERNST Certified Public Accountants

SALES PROMOTION AND ADVERTISING

Outstanding sales promotion and extensive advertising programs by each of our three divisions have strongly supported and assisted our selling efforts. The brand names, Bryant, Day & Night and Payne have become well-known in our industry over the years, through continuous national, trade and local advertising activity.

As our market potential has expanded, a large number of new manufacturers have entered our field, requiring our increased efforts to expand our brand name acceptance. For example, the sale of gas heating equipment, formerly a specialty selling activity, has now developed to the point where mass merchandising techniques are required.

The product features and the services rendered by our equipment are described and illustrated in well designed magazine advertisements with primary emphasis on the home and shelter groups. National consumer messages are supplemented by trade magazine advertisements in many trade journals serving our industry, in which technical features and advantages are described to dealers, architects, engineers and home builders. Announcements of new products are featured in this field.

Very successful supplementary local advertising programs designed for co-operative efforts of wholesalers, utilities and retail dealers are part of each division's activity, Such local efforts include not only newspaper and specialized directmail campaigns but also messages for the radio, television and theater audiences. Co-ordination of national and local advertising campaigns has successfully supported specialized product programs with tangible results.

A major part of our promotional material is designed to assist materially the retail dealer. Illuminated brand-name signs, window and floor displays, banners and product demonstrations are supplemented by complete catalog and point-of-sale literature and mailing pieces. Each dealer is encouraged to sell from operating demonstration models on his floor but smaller demonstration kits and models are also made available for use in the prospect's home.

Sales contests among wholesalers encourage the effective use of promotional materials. Improved merchandising techniques supported by planned product promotions are becoming increasingly important in our fields. Retail dealers are improving their display spaces, developing local advertising and merchandising programs and building stronger retail sales efforts. They look to their wholesalers and manufacturers for leadership and assistance in these matters. The three ACE divisions are among the leaders in this important evolution which is occurring in the heating and water heating industry.



Effective sales promotion materials and adtertising, the tools of selling, back evers

bryant DAY & NIGHT Payne



60 modellines.

370 INDIVIDUAL SIZES OF PRODUCTS

- BOILERS of gas-fired, cast-iron design for residential, conmercial and industrial use in steam, hot water, and vapor radiation heating systems. Complete range of fully automatic sizes, from small residential to large apartment and public building applications.
 - FORCED ARE FURNIACES for residential, commercial and industrial winter air-conditioning systems. Models for basement, alcove, closet, attic and suspended-position installation. Fully automatic, gas-fired and oil-fired models
 - GRAVITY FURNACES automatic gas and oil models for gravity warm-air systems, ideal for low-cost heating of basement-type small homes.
 - PLOOR PURMACES for residential installation below the floor. Suitable for heating one large mom or several smaller rooms. Gas fired manually or automatically controlled.
 - UNIT NEATERS, gas fired, for industrial and commercial installations. Suspended overhead, they blanket areas below with regulated, automatic hear. Ideal for factories, stores, garages, warehouses and terminals.
 - ALL-WEATHER CONDITIONERS for complexely automatic year-round temperature and humidity control. One fully enclosed, compact unit providing the best in automatic gas heating plus sealed-compressor cooling. The ideal equipment for today's truly modern homes.
 - SPACE MEATERS, gas fired, recessed and expused wall and Console types, for radiant, gravity and forced air operation Manually or automatically controlled, for all room and space heating applications
 - CONVERSION BURNERS for transforming any existing boiler or furnace using other fuels to completely automatic gas or oil operation. Models for every size from small home heating plants to large-capacity commercial and industrial furnaces and boilers.
 - water meaters—full range of under-herd, storage type for all domestic hot water requirements. Fast heating by gas assures rapid recovers. Also, booster water heaters for heavy-duty installations in restaurants, laundings, apartments and other commercial applications.
 - ROOM AIR COMMINONERS ideal for summertaine comfort in home or office. Easily and quality installed. Automatically controlled to maintain cost under temperature.
 - AM DRYERS for control of magnine in commercial and industrial processing operations for control of monuties to storage and waterboaring and for independent control of humidity in airs undifficing systems.
 - **6A3 COMBUSTION EQUIPMENT** in saide and varied lines but fitting of industrial and accuracy of furnises. Leukerovers, kilos, and other head, at our tractor stong decision. Automatic agration decision of graphy graph.

Through its three well-known divisions, Bryant, Day & Night and Payne...

AFFILIATED GAS EQUIPMENT, INC.

provides widespread quality lines of heating, air conditioning and water heating equipment



General Offices

17877 St. Clair Avenue

BRYANT HEATER DIVISION 17825 St. Clair Avenue Cleveland 10, Ohio

Cleveland 10, Ohio

DAY & NIGHT DIVISION 700 Royal Oaks Drive Monrovia, California

PAYNE FURNACE DIVISION 700 Royal Oaks Drive Monrovia, California

Plants

CLEVELAND, OHIO TYLER TEXAS

MONROVIA CALIFORNIA INDIANAPOLIS, INDIANA

THE PRODUCTS OF AFFILIATED GAS EQUIPMENT, INC. SERVING DOMESTIC, COMMERCIAL AND INDUSTRIAL MARKETS COAST TO COAST bryant

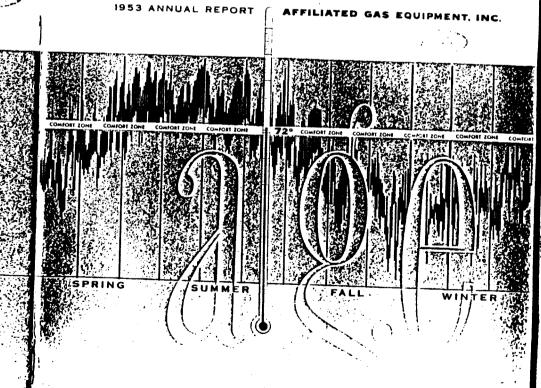
BAY & NICHT

DAY GNIGHT

Payne

VATER HEATING EQUIPM

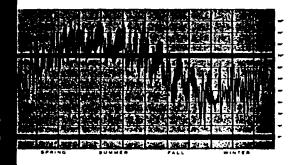
MANUFACTURERS OF QUALITY HEATING, AIR CONDITIONING, AND WATER HEATING EQUIPMENT





COVER

The desire for greater human comfort is fundamental to AGE's business. The cover of this report symbolizes this in its design of a temperature chart for a large Midwestern city showing the extreme daily temperature range. AGE's equipment is used the country over to supply heating and cooling to provide the desired comfort zone around 72°.



Affiliated Gas Equipment, Inc., manufactures and sells equipment designed for comfort and convenience in heating, air conditioning and water heating. In addition, it manufactures gas range ignition devices, and air dryers. Its products are advertised nationally and sold under the well-known brand names of Bryant. Day & Night, Payne and Toronto Hardware. AGE products which utilize gas and oil for fuel serve the home, office, factory, store, and public building.

The four braind names on Affiliated products have been established for more than 40 years. They have long been associated with the growth of the gas industry and have led the field of automatic hearing and water hearing.

ANNUAL REPORT

DECEMBER 31, 1953

AFFILIATED GAS EQUIPMENT, INC.



DAY & NIGHT

Manufacturers of equipment

for year 'round comfort

HEATING • AIR CONDITIONING

WATER HEATING



TORONTO HARDWARE

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Production Equipment	H	Growth of Home Heating	
Subsidiaries	×	and Cooling	

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OPERATING RESULTS	1953	1952
Net sales and other income	6 /1 720 00/	
	\$63,730,986	\$ 55,145,755
Income before taxes	5,045,686	3,380,442
Taxes on income	2,650,504	1,561,567
Dividends on preference shares held by minority interest	10,000	-0
Remainder of income (net income)	2,385,182	1,818,875
FINANCIAL POSITION		
Current assets	\$29,168,029	\$28,894,874
Current liabilities	12,143,538	14,650,403
Net current assets (working capital)	17,024,491	14,244,471
Shareholders' invested capital	18,287,542	16,535,338
Number of shares outstanding (year end) Preferred	34,664	35,998
Common	•	1,217,870
Per Share Data		
Net income — Preferred	\$68.81	\$50.53
Common	1.84	
Dividends paid Preferred		1 38*
	3.00	3.00
Common	.40	.40
	and 2% in stock	
Invested capital — Preferred	50.00	50.00
Common	13.36*	11.93*

Fire-year summary on page Iti



MESSAGE FROM THE PRESIDENT

Lyle C. Harrey, M.E. president, examines the new "Command-live" terms—a three-ton unit for year 'round air smalttoning.

TO OUR SHAREHOLDERS AND EMPLOYEES

The year ended December 31, 1953, was one of important achievement for Affiliated Gas Equipment, Inc. The results reflect the highest performance attained in the five years of our history. In the next few pages, I shall discuss some or the more important developments of 1953. The data presented will be on a consolidated basis, including Canadian operations.

SALES

View record was established for meonic received from sales and other sources. The rotal for the year was $8 \sim 731,000$ as torre-

pared with \$55,146,000 for 1952. Sales of civilian products amounted to \$38,598,000, up from \$30,628,000 a year earlier. Shipments of detense products totaled \$24,726,-000, about the same as in 1952.

The greater sales of civilian products reflected the increased shipments of air conditioning equipment, glass-lined water heaters and the inclusion, for the first time, of the sales of the Canadian operation. There was excellent response to our window cooler and central cooling units. The latter can be combined with a man line heating unit to make up the "Command-Auc" twin, new well accognized for year "rounds in conditioning and combust.

^{*}Basel on 1,211,10% common shares outstanding at December 31, 1953.

The quarterly pattern of sales during 1953 varied materially from that of the previous year. This was the result of several factors. The increased sales of air conditioning equipment took place during the first half; the new policy of deferred credit terms on unit heater shipments also placed more of that business in the first half of the year.

In the fourth quarter, there was a general softening in the market for consumer durables. Our sales naturally tended to follow this pattern. Shipments of defense products also declined to a relatively lower level in the fourth quarter.

The data by quarters are as follows:

•	1953	1952
First Quarter	\$14,777,000 Up 39.5%	\$10,594,000
Second Quarter	\$16,295,000 Up 31.6%	\$12,386,000
Third Quarter	\$16,712,000 Up 10.9%	\$15,066,000
Fourth Quarter	\$15,947,000 Down 6.7%	\$17,100,000

The composition of our defense sales continued along the lines developed in 1951 and

1952. The principal items were component parts and subassemblies for armored tanks, planes, rocket heads, shells and other miscellaneous parts.

INCOME ANALYSIS

Earnings before taxes on income reached a new high of \$5,046,000, compared with \$3,380,000 for 1952. The provision for estimated taxes on income for the year 1953, after taking into consideration refundable taxes and prior years' adjustments, amounted to \$2,651,000, representing 52.5 per cent of the earnings subject to such taxes. For 1952, the net effective tax rate was 46.2 per cent.

Net income after taxes was \$2,385,000. After preferred dividends, it was equal to \$1.84 a share on the 1,244,106 outstanding common shares. This is a significant increase over the earnings of \$1,819,000 or \$1.38 a share for the year 1952, based on the 1.244,106 shares outstanding at December 31, 1953.

Several adverse factors affected our margin of profit during 1953. Some premium had to be paid through the third quarter for certain types and supplies of steel, and material handling costs were abnormally high as a result of defense business. Production space, and particularly warehousing space, generally used for our civilian products, continued to be diverted to defense purposes. The result was higher-than-normal warehousing and material handling costs.

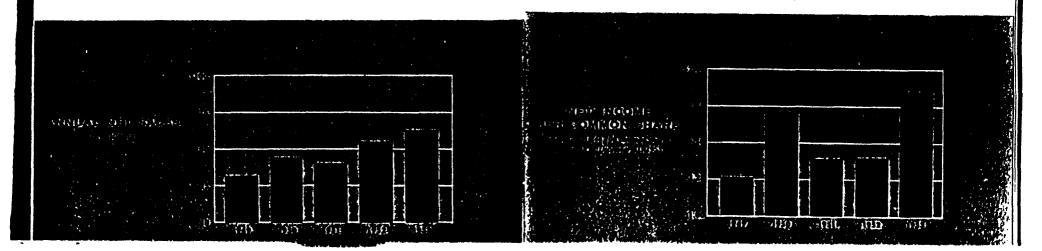
Dividends and retained income—Cash dividends for the year amounted to \$101,033 on the preferred stock, and \$487,864 on the common stock, representing 33 a share on the preferred and 40 cents a share on the common. In addition, a common dividend of 2 per cent in stock was paid on December 15, 1953.

Net income from 1953 operations retained for use in the business amounted to \$1,601,000, after giving effect to the value assigned to the stock dividend which was transferred to other capital accounts.

The 1952 annual report and the recent letter to shareholders discussed the requirements for production equipment in 1953. Such expenditures, including the plant and manufacturing facilities for the Canadian operation, totaled \$2,251.000 and exceeded the 1953 retained income.

This situation compelled a restricted cash dividend policy. On the other hand, it was evident that our 1953 earnings would reach an all-time high. Under these circumstances, it was considered best at this time to supplement the regular cash dividend with a 2 per cent stock dividend.

Income received from the sale of defense products is subject to price adjustment by individual contract price recetermination and over-all renegotiation. All of our major programs have received at least the initial price redetermination and, in some cases, voluntary price reductions have been made by the company. Our reports filed on overall renegotiation for the years 1951 and 1952 have been reviewed by the Government. No refund was requested by the Government for either of these years. It is our opinion that, after our voluntary repricing and price redetermination, no further adjustment will be found necessary on our over-all defense income for 1953.



FINANCIAL POSITION

The year 1953 was another year of financial improvement for Affiliated. As the statistical summary on Page 16 shows, the company has made consistent progress in the five years of its corporate existence.

Net current assets—Net current assets amounted to \$17,024,000 at the year-end, compared with \$14,244,000 a year earlier.

The regulation V-type loan, originally obtained in 1951 to finance defense production, was continued through 1953. At the year-end the balance in use amounted to \$4,530,000, down from \$7,500,000 at the end of 1952. A new credit agreement has been negotiated, extending the arrangement through 1954. The original maximum commitment of \$9,000,000 has been reduced to \$6,000,000.

No short-term seasonal borrowings were made during 1953 for domestic operations. A small loan of this type was used in the Canadian subsidiary.

The cash balance of \$7,817,000 at yearend was approximately the same as the \$7,926,000 at the close of the previous year. The increased civilian business during the first half, and the rather sudden drop during the last half, resulted in increased civilian inventories. At the close of 1953, this account was \$2,357,000 higher than at the end of the previous year after including inventories of the Canadian operation in the 1953 total.

Long-term debt—As indicated in our 1952 report, the needs for production equipment were greater in 1953. To provide funds for this purpose, the long-term debt to the insurance companies was increased by \$2,262,000 in April, bringing the total to \$7,500,000 of which \$671,000 is payable in 1954. The new loan reset the entire balance of our long-term debt to a 15-year term maturing April 1, 1968. The interest rate was increased from 4 per cent to 4½ per cent in line with the general upward trend of interest rates at that time.

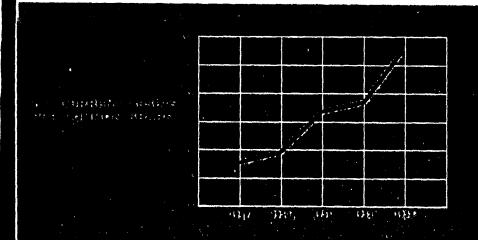
Preferred stock retirement—As required by the provisions of our preferred stock, the Board of Directors, on April 24, 1953, authorized retirement of 1,334 shares of this issue. These shares had been purchased in the open market. At the year-end the

SOURCE AND USE OF FUNDS-1953

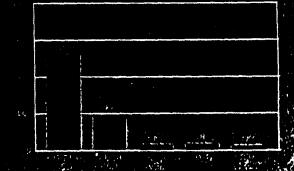
SOURCE OF FUNDS

Net income		\$2,385.182
Depreciation and amortization		1.283,447
Increase in long-term debt		2,562,000
Proceeds from sale of common stock to employees		19,966
Decrease in deferred charges		32,416
Total		\$6,283,011
USE OF FUNDS		
Additions to plants and production equipment (net)		\$2,251,089
Payment on long-term debt		582,000
Cash dividends:		-, -
Preferred	S 101.033	
Common		588.897
Cost of preferred stock purchased for retirement		29.974
		135,400
Cost of investment in unconsolidated subsidiary		
Other items (net)		(84,369)
TOTAL		\$3,502,991
Resulting in an increase in net current assets of		\$2,780.020
Net current assets		
mere increased by:		
Increase—Accounts receivable	\$ 654.500 865.697	
Inventories	2.820.000	
Decrease Notes payable	527.749	\$4.867.93
wert decreased by:		• -,
Decrease Cash	\$ 166,924	
Reimbursable costs Defense contracts	1.154.118	
Increase - Currenz portion of long-term debt	109,900	
Estimated federal taxes on income	*31.8*5	3,087.917
Resulting in the net increase in net current assets of		\$2,780,020

() Indicates red figures



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company held 1,314 shares for retirement in 1954. Additional shares have been purchased since that date so that the company now has sufficient shares for the required retirement.

PRODUCTION EQUIPMENT

Net additions to production equipment amounted to \$2,251,000 compared with \$883,000 for 1952. The total for 1953 also includes the plant and production equipment acquired for the Canadian operation. In 1953, the company undertook a major retooling program for existing products, in addition to tooling for a substantial volume of several new products. The greater part of that program has been completed.

It should be noted, however, that model changes occur more frequently in some of the new products added to Affiliated's line. This appears to be particularly true in the case of cooling equipment. Such changes always involve some tooling expenditures.

Depreciation on production equipment and buildings on a consolidated basis amounted to \$1.283,000.

SUBSIDIARIES

Canadian operations—In January, 1953, Affiliated acquired the facilities and operations of Toronto Hardware Mfg. Co., Limited, located in Toronto, Canada. Toronto Hardware and its predecessor companies have operated for over 50 years in Canada. Currently, this subsidiary is engaged in the manufacture of automatic water heaters and range boilers. Toronto Hardware has been the Canadian distributor for Bryant products during the last three years.

Production equipment is being added to the Canadian operation so that it will be able to manufacture and sell many Affiliated products for the expanding Canadian market. This market will be particularly important in a year or two when natural gas is made available to the eastern part of Canada

Bryant Industrial Products Corporation—For several years the Bryant Heater Division included a relatively small unit known as the Bryant Industrial department. Its products were parts and accessories for commercial and industrial processing furnaces and ovens. This business is highly specialized and is completely different from Affiliated's principal lines.

For this reason, it was decided to make the department an independent operation. The Bryant Industrial Products Corporation was formed and some outside capital was secured. In payment for the assets acquired by the new company, Affiliated received, and continues to hold, a major part of the voting stock. Cash requirements for the new company were supplied by outside sources. It is expected that under this arrangement the activities of the operation will develop and expand.

PERSONNEL

The number of people making up the Affiliated organization continued at a high level in 1953. An average of 2,844 persons were engaged in Affiliated's activities during the year. Wages, salaries and related costs totaled \$14,827,000.

Employee benefits paid by the company, such as group insurance, social security taxes, holiday and vacation pay, retirement payments and similar items, totaled \$960,000 for the year. This was equivalent to \$338 per employee.

The total amount of group life insurance in effect for the benefit of employees at the year-end was \$9,958,000.

Claims paid to employees and their families under plans for hospitalization, sickness and life insurance amounted to \$200,000 during the year.

DEFENSE PROGRAM

When the Korean crisis developed, Affiliated was one of the first companies in its industry to enter into defense production.

Shipments of defense products for 1953 amounted to \$24,726,000 in such programs

as components for armored tanks, jet aircraft, rocket heads and 90-mm, shell projectiles. You will be interested to know that, since 1942, AGE and its predecessor companies, Bryant Heater, Day & Night Manufacturing and Payne Furnace, have delivered over \$150,000,000 worth of war and defense products.

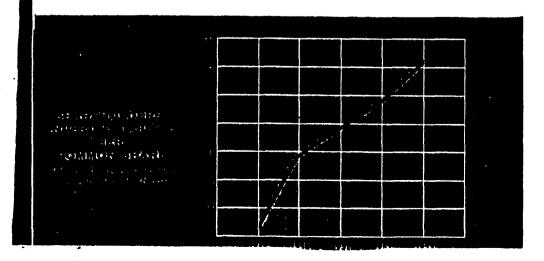
In late October, the company was informed that certain irregularities had taken place in the inspection procedure at the shell plant of the Bryant Heater Division in Cleveland. Investigation was started immediately by the company and the Government. The company's investigation determined that certain supervisory employees in the plant were involved in the unauthorized activity and they were promptly dismissed. The shell plant was closed, pending further advice from Army Ordnance. On December 29, 1953, we received a notification from the Government that the shell contract had been canceled. It now appears that only a small percentage of the shells were not completely in accordance with contract specifications. The unperformed portion of the contract amounted to \$5,700,000. Shipments of this item during 1953 amounted to \$6,000,000, The financial statements reflect adjustments to cover the estimated costs and expense of this termination.

As of January 1st, 1954, we continued production on other defense contracts with a total unshipped balance of \$11,400,000.

THE COMING YEAR

The year 1954 will be one of competitive challenges. We believe that the plans and programs started in 1953 will prepare us to meet such a situation.

First, a few comments about the future of our defense program. It appears that there will be a need for some detenie work to several years ahead. Naturally, as composition will change from time to time. For



example, production of the armored tank for which we make many subassemblies will be reduced during the first half of the year. This means our part in that program will probably end some time during that period. The equipment and warehouse area now devoted to this purpose will be returned to civilian use. This will help to lower costs on some of our civilian products.

On the other hand, our program for subassemblies for jet aircraft now extends into 1955-other programs extend well into 1954.

We expect, therefore, to have continued defense production through 1954, but at a lower rate than that experienced during the past year. As has been mentioned, in some ways this will be helpful to our civilian business.

Second, our program for civilian products is, we believe, a sound one. This is the part of the business that we must look to for our continued growth in the future. Recognizing this, we have taken steps to keep Affiliated moving ahead.

The sales and advertising programs have been changed and strengthened. Our methods of distribution have been broadened to get more people and more outlets selling the products of Affiliated's divisions.

Production facilities have been improved and new tooling installed, for greater efficiency, better products and lower costs.

Completely new models of heating and water heating equipment were put into production during 1953. They quickly attained a place of leadership in the industry and are expected to reach further prominence in the year ahead.

Air conditioning, one of the country's truly growing industries, is a new market for Affiliated. The past year was a successful one for us in the field of window coolers and central air conditioners. In 1954, we will have a new model window cooler, incorporating many of the latest developments. "Command-Aire" twins, having received zood acceptance, will be in a position to move ahead with the general introduction of year 'round comfort in homes.

Price reductions on air conditioning equipment were announced in December based upon reduced costs resulting from product redesign. The reductions should make this equipment more attractive to builders of popular-priced new homes, and to owners of existing homes not equipped with summer air conditioning.

With these programs established, we are ready to meet the challenges of the coming

AFFILIATED GAS EQUIPMENT, INC. AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF CONSOLIDATED INCOME

FOR THE YEARS ENDED DECEMBER 31, 1953, AND DECEMBER 31, 1952

SOURCE OF INCOME	195	3	195	2
Sale of products	\$63,324,549		\$54,970,383	
Discounts and interest earned	220,298		173,151	
Other	186,139		2,221	
	\$63,730,986	100.0%	\$55.145.755	100.0%
APPLICATION OF INCOME TO COSTS				70
Materials and services purchased	\$41,328,835	64.9	\$38,134.487	69.2
Wages, salaries, and related cost of social security taxes, unemployment taxes, group			- '	
insurance, and pensions	14,827,011	23.3	11,779,764	21.4
Allowance for wear of plant and equipment.	1,283,447	2.1	894,575	1.6
Interest expense	527,887	.8	4~0.335	.9
State, local, and general taxes	442,667	.7	410,677	.7
Other charges	275,453	4	75.475	1
	\$58,685,300	92.2	\$51, 65,313	93.9
REMAINDER OF INCOME BEFORE TAXES ON INCOME	\$ 5,045,686	7.8	\$ 3.380,442	61
ESTIMATED TAXES ON INCOME				
Provision for Federal and Canadian taxes for the year Refundable taxes and prior years' adjustment—	\$ 2,573,000	4.0	\$ 1.785,000	3.2
net	77,504	1_	(223,433)	<u>_(4)</u>
	\$ 2,650,504	4.1	\$ 1,561,567	2.8
	\$ 2,395,182	3.7	\$ 1,318,875	3.5
Dividends on preference shares of subsidiary held by minority interest	16,000	0	0	o
REMAINDER OF INCOME (NET INCOME)	\$ 2.385,182	3~		
See notes to financial statements.				
1 M. L				

() Inducates red figures.

AFFILIATED GAS EQUIPMENT, INC. AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF CONSOLIDATED FINANCIAL CONDITION DECEMBER 31, 1953, AND DECEMBER 31, 1952

ASSETS	AND	CURRENT	LIABILITIES
--------	-----	---------	-------------

CURRENT ASSETS	1953	1952
Cash	\$ 7,817,096	\$ 7,926,020
Accounts receivable:		
Civilian (less allowances for uncollectible accounts—		
1953, \$54,252; 1952, \$52,000)	3,610,780	3,205,656
Defense	1,553,123	1,303,747
Inventories-Note A:		
Civilian	12,337,506	9,980,605
Desense		4,425,540
Reimbursable costs—defense facilities contracts	915,188	1,535,033
Deferred costs-defense production	-0-	518,273
TOTAL CURRENT ASSETS	\$29,168,029	\$28,894,874
LESS CURRENT LIABILITIES		
Notes payable to banks	\$ 4,680,000	\$ 7,500,000
Portion of long-term debt due within one year		582,000
Accounts payable and accrued liabilities	4,205,663	4,733,403
Estimated taxes on income	2,566,875	1,835,000
TOTAL CURRENT LIABILITIES	\$12.143,538	\$14,650,403
NET CURRENT ASSETS	\$17,024,491	\$14,244,471
OTHER ASSETS		
Plant and equipment, less allowances for wear-Note B	7,801,452	6,833.810
Deferred expenses (insurance, organization, and other)	442,001	425,582
Investment in unconsolidated subsidiary-at cost (repre-		
sents approximate equity in net assets)	135,400	-0-
Refundable federal taxes on income of prior year	102,972	188,638
Remaining installments under employee stock purchase plan	14,800	44,000
Sundry receivables, etc.	75,426	36,837
TOTAL ASSETS—AFTER DEDUCTING .		
CURRENT LIABILITIES	\$25,596,542	\$21,773,338

LONG-TERM DEBT AND SHAREHOLDERS' INVESTED CAPITAL

LONG-TERM DEBT	1953	1952
Parent company: Notes bearing 41/4% interest, due in equal annual install-		
ments of \$450,000 plus 10% of net income for the preceding year; remaining amount due April 1, 1968. Amount due within one year included in current liabilities.	\$ 6,829,000	\$ 5,238,000
Canadian subsidiary:	4 0,021,000	• -,,
Mortgage note bearing 5% interest, due in equal annual installments of \$20,000 during the years 1955 to 1968,		
inclusive	280,000	
TOTAL LONG-TERM DEBT	\$ 7,109,000	\$ 5,238,000
MINORITY INTEREST		
In preference shares of subsidiary	200,000	-0-
SHAREHOLDERS' INVESTED CAPITAL— Notes C and D		
Preferred stock:		
Authorized and issued—1953, 34,664 shares; 1952, 35,998 shares	\$ 1,733.200	\$ 1,799,900
Common stock:		
Authorized—2,000,000 shares		
Issued—1953, 1,244,106 shares; 1952, 1,217,870 shares Subscribed—1953, 1,887 shares; 1952, 5,500 shares	1,245,993	1,223,370
Amount paid in subscribed, or assigned for stock in excess		
of par value	9,1~2.208	9,014,697
Income retained for use and growth of the business tless		
income assigned to stock dividend)	6,201,815	4,600,782
•	\$18,353,216	\$16,638,749
Less cost of preferred stock of the Corporation purchased on open market for retirement—1953, 1,314 shares; 1952, 2,048 shares	65.671	103.111
Total Shareholders' Invested Capital	\$18,287,342	\$16,535,138
TOTAL LONG-TERM DERC AND SHAREHOLDERS'	#18,28 J. 142	#10, 111, 110
INVESTED CAPITAL	435 Em 213	C21 " '1 1 14
INVESTED CAPITAL	\$25,596.542	\$21.7°3,338
See notes to financial statements.		

AFFILIATED GAS EQUIPMENT, INC. AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF SHAREHOLDERS' INVESTED CAPITAL

FOR THE YEARS ENDED DECEMBER 31, 1953, AND DECEMBER 31, 1952

CAPITAL STOCK—Notes C and D	1953	1952
Preferred—\$50.00 par value		\$ 1,799,900
Common—\$ 1.00 par value	1,245,993	1,223,370
	\$ 2,979,193	\$ 3,023,270
AMOUNT PAID IN, SUBSCRIBED, OR ASSIGNED FOR STOCK IN EXCESS OF PAR VALUE		
Balance at beginning of year	\$ 9,014,697	\$ 9,028,340
Excess of assigned value over par value of shares issued—stock dividend	166,467	-0-
Adjustments in connection with stock purchase plans	(8,076)	-
Excess of cost of preferred shares retired over par value		(11,550)
BALANCE AT END OF YEAR		(2,093)
DALANCE AT END OF YEAR	\$ 9,172,208	\$ 9.014,697
INCOME RETAINED FOR USE AND GROWTH		
OF THE BUSINESS-Notes C and D		
Balance at beginning of year	\$ 4 600 787	\$ 3,372.607
Remainder of income (net income) for the year		1.818.875
,	\$ 6,985,964	\$ 5,191,482
Cash dividends declared:	J 0,703,704	3 3,171,402
Preferred stock-\$3.00 per share	\$ 101,033	\$ 103,687
Common stock-\$.40 per share		487,013
Stock dividend declared:	101,001	,
200 on common stock-23,781 shares at assigned value of		
\$8.00 per share, plus \$5,004 representing cash payment		
in lieu of fractional shares	195,252	
	\$ 784,149	\$ 590,700
BALANCE AT END OF YEAR	\$ 6,201.815	\$ 4,600,782
SHAREHOLDERS' INVESTED CAPITAL		
Capital stock	\$ 2,979,193	\$ 3,023,270
Amount in excess of par value	9,172,208	9,014,697
Retained income	6,201,815	4.600.782
reconce mediate	\$18,353,216	516,638,749
Less cost of shares of preferred stock of the Corporation pur- chased on open market for retirement (1,314 shares and 2,048	\$10,353,210	\$10,036,749
shares, respectively)	65,674	103,411
SHAREHOLDERS' INVESTED CAPITAL AT END OF YEAR	\$18,287,542	\$16,535,338
See notes to financial statements		

See notes to financial statements.

() Inficates red figures.

AFFILIATED GAS EQUIPMENT, INC. AND CONSOLIDATED SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1953

NOTE A-Inventories are priced principally at the lower of standard cost or market. Standards are revised periodically to reflect current operating conditions. Inventorics at December 31, 1953, and December 31, 1952, consisted of the following

1175 Character of life scanner	and .	
CIVILIAN	1953	1952
Materials and supplies	\$ 3,183.164	\$ 3,534,225
Work in process	3.274,395	2,220,757
Finished products	5.85*,947	4,225.623
-	\$12,337,506	\$ 9,980,605
DEFENSE		
Materials and supplies	\$ 1.277,706	\$ 3,405.765
Work in process	1.656.628	1,019,775
•	\$ 2.734.336	\$ 4,425.540
TOTALS	\$15.2"1.842	\$14,406,145
NOTE B-Plant and equi		on the basis of

1953

Land	\$ 387,516	\$ 251.219
Buildings	3,625,034	3,233.226
Machinery and equipment	7.049,222	5,763,506
	\$11,061,772	\$ 9,247,951
Less allowance for wear (de-		
preciation and amortiza-		
tion)	3.260.320	2,414,141

Balance at December 31, 1953, includes defense facilities amounting to \$650,280 subject to special amortization.

NOTE C-The preferred stock is \$3.00 cumulative, par value of \$50.00 per share, and the common stock has a par value of \$1.00 per share. Each share of preferred stock has attached a warrant to purchase one share of common stock at \$11.25 per share, which warrant expired January 15, 1954. The preferred stock is redeemable at \$52.25 per

share through January 15, 1958, and \$51.25 thereafter The terms of the preferred stock also provide that the Corporation shall retire annually, by purchase or redemption, 31/3% of the number of shares issued prior to the close of the next preceding fucal year. Preferred nuck redeemed for this purpose shall be at \$51.50 per share through January 15, 1958, and \$51.25 per share therrafter. The note agreement with the insurance companies, the note agreements with banks in respect of certain short-term horrowings (V-type loan) for defense production, and the provisions of the preferred strick include, among other things, certain restrictions as to the payment of dividends and other distributions. Under the foregoing restrictions, at December 31, 1953, \$2,610,624 of income retained for use and growth of the business was available for the payment of dividends

NOTE D - At December 31, 1955, '0,293 shares of common stock were reserved for a stock opinion plan for officers and employees, under which options to purchase 47,247 shares were outstanding at varying prices (\$8.00) to \$8,94 per share, based on market price at date option was granted less adjustment for soul dividend). During the year 1,080 shares were issued pursuant to such options at \$8.25 per share, and at December 31, 1753, options for 2,670 shares were exercisable.

NOTE E-Net agets of the Corporation's Canadian subsidiaries were relatively minor at December 31, 1955, and were included on a dollar for dollar basis.

NOTE F -- Under the terms of certain agreements the Corporation has agreed, under certain conditions, to reacquire, under a secondary liability, certain new, unused products sold under such contracts.

NOTE G-Certain of the Corporation's sales for the year 1953, are subject to peac redetermination and renegotiation. It is not expected that adjustments result ing therefrom will have a material effect on the financial

AUDITORS' REPORT

1952

\$.801.452 \$ 6,833,810

Board of Directors Affiliated Gas Equipment, Inc.,

We have examined the statement of consolidated financial condition of Affiliated Gas Experiment, Inc. and its consolidated subsidiaries as of December 31, 1953, and the related statements of consolidated income and shareholders' invested capital for the year then endrif. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such texts of the accountant records and such other auditing procedures as we considered necessary in the cocumitances

In our opinion, the accompanying statements of consolidated financial condition, consolidated incomand shareholders invested Capital present faith, the consulatated maniful position of Abhaird Gas Equipment. Inc. and its consolidated subsoliation at the context 31, 1953, and the consolidated results of their operations for the year then ended, in conformals with generally accepted accounting principles applied on a hasis con section with that of the preceding year.

> Jaset Class Contined Pater Account of

Cleveland, Ohio Library 17, 1954

FIVE-YEAR SUMMARY

	1953	1952	1951	1950	1949
OPERATING RESULTS				1555	
Net sales and other income	\$63,730,986	\$55,145,755	\$41,321,185	\$43,605,786	\$31,029,546
Total costs and expenses	58,685,300	51,765,313	37,361,420	39,164,450	28,314,044
Income before taxes	\$ 5,045,686	\$ 3,380,442	\$ 3,959,765	\$ 4,441,336	\$ 2,715,502
Taxes on income	2,650,504	1,561,567	2,152,004	2,200,000	1,050.000
Dividend-Minority interest	10,000	-0-	-0-	-0	-0-
Remainder of income (net income)	\$ 2,385,182	\$ 1,818,875	\$ 1,807,761	\$ 2,241,336	\$ 1,665,502
Dividends declared to shareholders	784,149	590,700	594,490	960,204	787,298
Income retained in the business	\$ 1,601,033	\$ 1.228,175	\$ 1,213,271	\$ 1.281,132	\$ 878,204
FINANCIAL POSITION					
Current assets	\$29,168,029	\$28,894,874	\$28,547,606	\$18,508,383	\$13,500,893
Current liabilities	12.143,538	14.650,403	14,831,563	6,473.635	3,779.508
Net current assets (working capital)	\$17,024,491	\$14,244,471	\$13,716,043	\$12,034,748	\$ 9,721,385
Ratio of current assets to current liabilities .	2.40 to 1	1.97 to 1	1.92 to 1	2.86 to 1	3.57 to 1
Total assets	\$37,740,082	\$36,423,741	\$36,027,426	\$25,094,637	\$18,594,237
Less total liabilities	19,252,539	19,888,403	20,651,563	10,874,635	7,579,508
Minority interest	200,000	0_			
Shareholders' invested capital	\$18,287,542	\$16.535,338	\$15,375,863	\$14,220,002	\$11,014,729
Which was represented by:					
Preferred stock	\$ 1,667,526	\$ 1,696,489	\$ 1,749,896	\$ 1,828,972	\$ 1,956.925
Common stock	1,245,993	1.223,370	1,225,020	1,222,020	1,021,950
Capital surplus	9,172,208	9.014,697	9,028,340	9,009,674	7,157,650
Income retained in the business	6,201,815	4,600,782	3,372,607	2,159,336	878,204
Number of shares outstanding (year end)			•		
Preferred	34,664	35,998	37,332	38,666	40,000
Common	1,244,106	1,217,870	1,216,020	1,209,720	1,004,250
Pen Share Data					
Net income — Preferred	\$68.81	\$50.53	\$48.42	\$57.97	\$41.64
Common	1.84	1.36*	1.37*	1.71*	1.25
Dividends paid - Preferred	3.00	3.00	3.00	3.00	2.76
Common	.40	.40	.60	.65	.5215
	and 2°c in stock				
Net current assets per common share	13.68	11.70	11.28	9 95	9.68
Invested capital - Preferred	50.00	50.00	50.00	50.00	50.00
Common	13.364	11.93*	10.95*	9.96*	7.284

Facts about the growth of
automatic home heating
and cooling

Development of an Industry

For many centuries, the open fireplace was the only source of heat our ancestors had. It had to serve for cooking as well as for warmth. Later, with the greater knowledge of cast iron, came the development of the potbellied stove—a vast improvement.

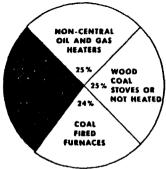
The inadequacy of the heating stove became apparent with the trend to larger houses and multiple dwellings, which required several sources of heat. Small space heaters were developed to serve one or more rooms.

Central heating was the next big step in the search for convenient and more uniform comfort. By means of steel pipes or sheet-metal enclosures called "ducts", it became possible to distribute heat to any part of the house from a single source, a boiler for steam or hot-water radiators or a big bulky gravity furnace for warmair heating.

As gas and oil became more generally available and continued to demonstrate their superiority for residential use, heating entered its truly automatic era. A blower was added to the gravity furnace, and the forced warm-air system became one of the leading methods of automatic heating. Means of adding needed moisture to the air (humidifying) and cleaning it (filtering) further increased comfort. Space heaters, furnaces and boilers were made compact with added controls to make them more efficient and automatic.

These developments have reached a higher level of service in recent years.





100% -- 41,702,000 Dwelling Units

New methods of efficiently distributing heat, such as baseboard radiation and warm-air perimeter heating, have made possible greatly improved comfort conditions in basementless homes and have widened the market for modern heating equipment. The addition of summer cooling now makes comfortable living possible throughout the year.

Summer Cooling for the Home

Perhaps the greatest stimulant to the home comfort industry has been provided in the past two years by summer cooling. Its continuing and rapidly increasing use appears assured by two things:

First, the idea of cooled air in summer is not new to the public. People have been sold on it in restaurants, theaters, stores and offices, trains and now auto-

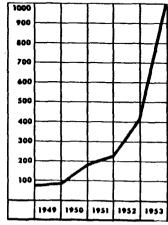
mobiles. Inevitably, they have begun to demand the comforts of air conditioning in their homes as well.

Second, the room cooler, first offered for home use in 1934, has enjoyed phenomenal acceptance, as shown by these figures:

mese ngu	ics.	
	Number of	Retail
Year	Units Sold	Value
1948	76,500	\$ 32,500,000
1953*	1,075,000	420,500,000
*Estim	ated	

One authority has estimated that the industry will sell well over 1,500,000 units in 1954; nearly 2,000,000 in 1955, and 3,400,000 in 1957.

UNITS IN THOUSANDS



SALE OF ROOM AIR CONDITIONERS

The next step for many who experience comfort cooling in a limited area (one or two rooms usually) will be the installation of a central cooling system for the entire home.

Year 'Round Comfort

To many people, the term "air conditioning" means just summer cooling. Actually, it is much more than that. Air conditioning performs four operations: it provides the right temperature (heating or cooling); it provides the right amount of moisture (humidifying or dehumidifying); it insures proper circulation: and it cleans the air (filtering).

The need for year 'round air conditioning under virtually all climatic conditions is becoming universally recognized. Even in the southernmost areas, there has already been a marked swing toward central heating. Now that central cooling is available, there will be a tendency to combine the two for comfort throughout the year. In the northern part of the country, central heating has been widely used for years. Now it is possible to add central cooling, designed and priced for the volume home market.

Many builders in all parts of the country are adding summer cooling equipment to their homes. It is the one big added sales inducement they have been able to offer in years. Their advertising, plus the attention being given to year 'round air conditioning by the home service magazines, will tend to make homes without central cooling seem obsolete in a few years.

This progressive change in the building of new homes will also find a strong response in the existing home market. The construction industry has built over one million nonfarm dwellings in each of the last five years. Many owners of these comparatively new homes will want the advantages of year 'round air conditioning, and equipment is available to provide it.

Some General Discussion About Air Conditioning

While these brief pages cannot answer all your questions about home air conditioning, they will cover some of the more common points of interest.

Existing Home—You can enjoy the many benefits and comforts of year 'round air conditioning in your existing home.

First, if you want cooler air, it can be provided through the use of one or more room air conditioners.

Second, if you want maximum convenience through central year 'round air conditioning, it is possible to have it, no matter what type of heating system you now have. If yours is a forced air or gravity furnace, the job of adding cooling equipment is comparatively easy. You simply install the self-contained central cooling unit next to your present furnace and modify the existing air distribution system for transmitting the cooled air to all the rooms in the house.

Hot water or steam systems (boilers) require the installation of air ducts as well as the cooling unit.

Building a Home-Much has yet to be learned about designing homes which brings both the original cost and the operating cost of year 'round air conditioning within the reach of the average homeowner. But a recent survey among residential architects in all parts of the United States indicates that they are giving a great deal of attention to this type of building. Sixty-six per cent of the architects included in the survey had designed homes in the past year with year 'round air conditioning: 79 per cent found a marked increase in demand: 84 per cent believed complete air conditioning would be more widely used in the future; and of this 84 per cent, 69 per cent said the increased use would be "considerable" or "very great".

Such a report from architects in all parts of the United States indicates that considerable attention will be paid to ways of designing and building homes so that the average homeowner can afford year 'round air conditioning.

Cost of Home Air Conditioning— Neither the original cost nor the operating expense of summer air conditioning can be determined as a generality with any degree of accuracy. Size and design of home, number of rooms, and geographical location all enter into the calculation.

A survey by the National Association of Home Builders, covering 7,400 houses by 109 builders in all parts of the country, showed original equipment and installation costs ranging from \$725 to \$3,000, with a cost of \$1,308 for an average house of 1,465 square feet. On this basis, the additional cost of summer cooling

over conventional heating could be estimated at slightly under one dollar per square foot of floor area.

Operating expenses are even more difficult to estimate without knowing the specific conditions and location. Every installation must be calculated by taking all the factors into consideration. Generally, however, it can be said that in the North, operating costs for summer cooling are no more than for winter beating, and frequently are less.

A Large Market

Existing homes and projected new construction combine to provide a vast market for both automatic central heating and cooling equipment.

According to the latest available United States Government census figures, there were 41,702,000 dwelling units in the country in 1950. Of these, only 11,030,000 were heated by central gas-fired or oil-fired systems. In other words, 74 per cent of the country's homes represent the "replacement market"—the market made up of existing homes where it is desired to raise their standard of confort to modern central heating. How many of these saine homes form a market for couling cannot now be estimated.

New residential construction, always a market for central heating systems, is expected to continue at a rate between 900,000 and 1,000,000 units annually for the next several years. If this is added to the demand for the replacement of handfired systems in existing homes, the estimated total is approximately 1,525,000

automatic central systems annually. At the retail sales level, this amounts to over half a billion dollars for the heating equipment alone, without the cost of installation.

The projected annual housing starts of 900,000 to 1,000,000 units will also provide a large market for central cooling equipment.

Comfort and Hot Water

Along with the growing interest in air conditioning comfort, there has developed wider recognition of the convenience provided by plenty of hot water.

The greater use of automatic washing machines and dishwashers has made many water heaters obsolete. They are too small to meet today's needs. Considerable demand is also being created through the development of glass-lined water heater tanks. The rust-free glass lining has made possible a product which is not only ideal for areas with difficult water conditions, but provides more satisfactory results for all regions.

Both of these factors add greatly to the demand for water heaters represented by normal replacements and installations in new homes. Approximately 3,000,000 gas and electric water heaters were sold during 1953, representing a retail value of about \$350,000,000. The size of the growing water heater market becomes more impressive when consideration is given to these facts; (1) almost 4,000,000 automatic washing machines and dishwashers were sold during 1953; (2) about 1,100,000 new homes were construired last

year; (3) there is a sizable replacement market for older units that have served their normal useful life.

AGE's Contribution to This Progress

The names of the AGE divisions— Bryant, Day & Night, Payne and Toronto Hardware—have been synonymous with progress in the home comfort field. The policies and program of the company are directed toward continuing that progress.

Bryant is recognized as one of the original pioneers of the gas-fired boiler. It is also well known for developing the gas-fired winter air conditioning unit.

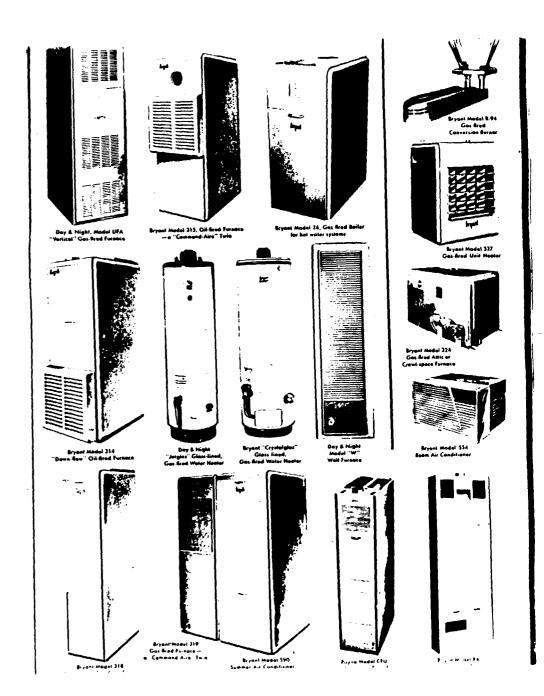
Six years ago, Bryant offered one of the first complete residential year 'round conditioning units. Culmination of this particular development was the introduction last year of the "Command-Aire" twins-a matching combination of either gas- or oil-fired heating, together with central plant cooling. Design of the "Command-Aire" twins makes it possible to install the heating system at one time, and add the matching cooling unit at a later date. Bryant has also been in the room cooler field as an original equipment manufacturer for several years. Water heaters (including new glass-lined models), unit heaters, conversion burners and space heaters are other lines of products carrying the Bryant name.

The Day & Night Division is recognized as a pioneer in two separate fields. In water heating, Day & Night products have led the field since the early days of solar water heating. One development after another over the years has now resulted in an improved extensive line of glass-lined water heaters. Its entry into the space heating field led to the development of a full line of the famous Panelray floor and wall heaters. The recent addition of forced air heating units and companion cooling equipment now completes the Day & Night line of products for home comfort.

Since the Payne Furnace Company was formed, its name has been associated with warm-air heating. One of the first forced air furnaces for wall installation was developed by Payue. Today, its forced air furnaces are offered in one of the industry's most compact designs. An added feature is the ceramic-coated heating element, designed for lighter weight and longer life. Summer cooling is also available through companion equipment.

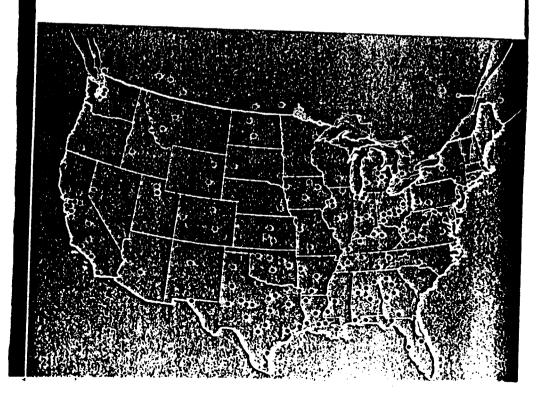
Toronto Hardware has made substantial contributions to Canada's progress in automatic comfort. It has been one of the pioneers and leaders in the automatic water heating field and is now entering a period of development in the field of automatic central heating. This latter program is being geared directly to Canada's expanded use of natural gas.

Through these divisions, AGE now offers complete coverage of the home-confort field—heating, cooling and water heating. For the future, we expect that our engineering programs will continue to anticipate consumer needs, and that our position will remain a dominant one.



SALES DISTRIBUTION COAST TO COAST

Distribution and warehouse centers for AGE products, sold under the names of Bryant, Day & Night, Payne and Toronto Hardware, are illustrated below. The availability of the company's products is accomplished by coast-tocoast coverage in this country and the newly acquired outlets in the rapidly growing Canadian market. These distributors and jobbers carry on one of the industry's largest programs of sales stimulation and service training.



AFFILIATED GAS EQUIPMENT, INC.

BOARD OF DIRECTORS

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FRANCIS H. BEAM Sensor Vice President
The National City Bank of Cleveland

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President
Fuller & Smith & Ross Inc.

LYLE C. HARVEY President and General Manager Affiliated Gas Equipment, Inc.

WILLIAM A. MCAFEE Partner, Mc.Mee, Grossman, Taplin, Hanning, Newcomer & Hazlest

NORBERT A. McKenna Partner, Reynolds & Co.

I FRENCH ROBINSON President, Consolidated Natural Gas

OFFICERS

Lyle C. HARVEY President and General Mariager WILLIAM J. BAILEY, JR.

Vice President

JAMES A. HUGHES Vice Prendent and America General Manager

PHILIP W. SCOTT Vice President,

Secretory and Treasure GEORGE A. KALTZ

Contrailer

R. KEITH RYAN Assistant Secretary

JOHN A. WILSON Assistant Secretary

ROBERT B. MAY Annual Treasure

GENERAL OFFICES

17877 St. Clair Avenue . Cleveland 10. Ohio

Bryant Heater Division 17825 St. Clair Avenue Cleveland 10, Ohio

Day & Night Division "00 Royal Oaks Drive Monrovia. California

Payne Furnace Division 801 Royal Oaks Drive Monrovia, California

Loronto Hardware Mfg. Co., Limited 390-4 6 Pattern street Turonto 3 Canada

PLANTS

Cleveland, Ohio • Tyler, Texas • Monroyia, California • Indianapolis, Indiana • Foronto, Canada

REGISTRARS

For common and preferred stock-Bankers Frust Company, New York, N. Y., and Central National Bank of Cleveland, Cleveland, Oluo

EXCHANGES

Common and preferred storks listed on The New York Stock Exchange and Midwest Stock I schange

TRANSFER AGENTS

For common and preferred make. The New York Trust Company New York, N. Y. and The National City Bank of Cleveland, Cirveland, Ohio

ANNUAL MEETING

The innual meeting of scareto lipers will be field on April 28 2254 at treother of the compens. Notices in Epinous for this meeting will be modest to that told is in the man space

MOODY'S MANUAL OF INVESTMENTS

AMERICAN AND FOREIGN

JET 38 24.41

INDUSTRIAL SECURITIES

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1949

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65 BROADWAY, NEW YORK 6, N.Y.

PHILADELPHIA BOSTON CHICAGO LOS ANGELES PITTSBURGH SAN FRANCISCO Stock Exchange Bldg. 75 Federal St. 105 W. Adams St. Hollingsworth Bldg. Union Trust Bldg. Ruse Bldg.

LONDON: MOODY'S INVESTORS SERVICE, LTD.

	N	(UUD)
	1948	1947
Deprec. & amort. Amor, intangibles		
Doubtful accts.	21.347 58.321	20.361 22.437
	109.569	208.623
Operating profit . Other income Total income	110.490	132,094
Total income	90.623 21.847 58.321 109.569 507.291 110.490 617.781 2.074 214.000 401.707 58.797 331.9551 10.959	100.282 20.561 22.437 208.623 1,171.013 132.094 1,323.107 2,310 520.000
Fed. income tax	214,000	520.000
Fed. income tax Net income Preferred divs	401,707 58,797	7800,797 67,598
Common givs	331.951	206.470
Surplus for year . Earn, surp., 1-1	10.959 1.315.177 1,326.136	526,732 788,445
Earn. surp., 12-31.	1,326.136 \$9.13	1,315,177
Earn. surp., 1-1 Earn. surp., 12-31. Earn., pid. share. No. of pid. shares	44 009	2,310 520,000 800,797 67,596 206,470 526,732 788,445 1,315,177 \$16,19 49,461
Sales and Earnin	gs, years to Dec. 1 Not No. of Income Shares 401,707 829.878 300,797 829,878 d 84,955 819,878 158,181 819,878 260,433 819,878	1 (in \$):
Sales	Not No. 01 Income Shares 401,707 829.878 800,797 829.878 484.955 819.878 158,181 819.878 260,433 819.878 348,047 803.873 344,047 796.378	on Com.
1948 9.014.843 1947 11.038.064	401,707 829.878	0.41
1946 8,290,921	d 84.955 819.878	₫ 0.16
1945 9.593,204 1944 9.358.789	158,181 819,878 260,433 814,878	4 0.16 0.19 0.32
1943 8.972.988	848 047 900 975	0.43
1942 5.256.583 1941 4.265.722	250,433 819,578 250,433 819,578 348,047 803,873 344,047 796,378 346,463 796,378 272,761 792,878 252,559 788,878 242,007 789,178	0.43 0.43 0.34 0.32
1940 3.035.118	272.761 792.878	0.34
1945 9.014.843 1947 11.038.084 1946 9.599.921 1945 9.593.204 1944 9.338.789 1942 5.255.583 1941 4.265.722 1940 3.938.118 1933 2.646.952 1933 2.524.126	344.047 796.378 344.463 796.378 272.761 792.678 252,559 768.878 242,902 789,178	.030
Consolidated Bal	ance Sheet, as of 1948 \$1,063,420 1,183,280 1,162,655 277,846	Dec. 31:
Cash	\$1.063.420	\$1.277.058
Cash Receivables, net [Inventories	1,163,380 1,162,655	1,499,892
Prepayments	277,846	100.220
Total current	\$3,667,171	\$4,115,788
Plant & equip	\$3.667,171 1,205,982 368,948	\$4,115,788 1,037,727 311,303
Depreciation Net property Intangibles, net	#47 117A	72K 424
Intangibles, net _ Invest. in affiliate	29,659 25,000 13,468 56,034	51,463 25,000 13,238 66,139
Ins. cash value	15.468	13,238
Deferred charges		
TotalLiabilities:	\$4,630,364	\$4,998,151
Accounts navable	\$254.187 249.771 175.000 125.769 209.318	\$225.066 39.768
Cust deposits, etc.	249.771 175.000	39.768 245.000
Cust deposits, etc. Serv. guarantees Commissions, etc. Income tax res.	125.769	200.323
Res. other taxes.	22.40(245.000 200.323 520.000 120.732
Res. other taxes. Debt due	6,000	6,000
Total current	\$1,078.532 43.500 216.300	\$1,350.888
Purch, mtge. Conting. reserve.	43.500 218.300	49.500 216.300 989.220 829.378
\$1.25 pid. (\$20)	880.040	989,220
Conting, reserve. \$1.25 pid. (\$20) Com. stock (\$1) Capital surplus Earned surplus	880.040 829.878 255.979 1,326,136	829,878 241,189
Earned surplus	1,328,136	241.189 1.315,177
Total		\$4.998.151 \$2,758,900
Not current senete	\$4,630,364 \$2,586,639 t (first-in, first-ou	\$2,758,900
ket.		
Capital Stock: Se	metene Corp. \$1.2	Seumula-
AUTHORIZED-A	l series, 100.000 s	hares; se-
ries A. 60.000 sha	res: outstanding.	scries A.
Capital Stock: So tive convertible pro AUTHORIZED—AI rics A. 60.000 shar 44.002 shares: in tre PREFERENCES—E	las preference f	or assets
and dividends. DIVIDEND RIGHT dividends of \$1.25	CS_Entitled to ex	imulative
dividends of \$1.25	per share annuali	v payable

dividends of \$1.25 per share annually payable quarterly March 31, etc., to stock of record

DIVIDEND HIGHTS—Emitted to cumulative dividends of \$1.25 per share annually payable quarterly March 31, etc., to stock of record March 5, etc.

DIVIDEND RECORD—Initial dividend of 31½ cents paid frequiarly thereafter.

DIVIDEND RESTRICTION—No dividends (except in common stock) may be declared or paid on common if (1) thereafter all payments for dividends on or purchase or redemption of any stock since Dec. 31, 1945 would exceed consolidated net current assets (as defined) are or would be less than the greater of (2) consolidated net current assets (as defined) are or would be less than the greater of (2) involuntary liquidation value of outstanding preferred and stock ranking prior or equal thereto or (b) \$1,500,000.

VOTING RIGHTS—Has no voting power (except as required by New York laws) unless any quarterly dividend has not been paid on or before 8th succeeding quarterly dividend date with all subsequently accrued dividends in full, when preferred, voting separately as a class by plurality vote, is entitled to elect maximum minority of directors.

Consent of 66 2/3% of preferred necessary to (1) authorize or issue additional stock ranking prior or equal to preferred: (2) amend provisions to affect rights of preferred adversely; (3) issue preferred in addition to 80.000 shares unless consolidated net earnings (as defined) for 12 calendar months within 15 months next preceding equal at least 4 times annual dividend requirements on all preferrey and stock ranking prior or equal thereto; (4) merge or consolidate, or sell or transfer substantially all assets; or (5) issue, assume, guarantee or permit any outstanding (unded debt (as defined) in excess of \$1,000,000.

LiQUIDATION RIGHTS—In liquidation, entitled to \$25 per share if involuntary and to \$27 per share if voluntary, plus accrued dividends in all cases.

dends in all cases. PREEMPTIVE RIGHTS-None.

CONVERTIBLE—Into common on basis of 4 common shares for each preferred share, with cash or scrip for fractional shares. Conversion rights protected against dilution.

CALLABLE—As a whole, or in part in amounts of at least 6,000 shares, on at least 60 days mailed notice at any time at 327 per share and dividends. Preferred may be purchased at any time (in absence of default) at not to exceed redemption price. Preferred acquired in any manner shall not be reissued.

Also caliable for ratirament fund, which see. RETIREMENT FUND—Annually and cumulative on or before each quarterly dividend date beginning Mar. 31, 1947, for retirement of all series of preferred, 3½% of consolidated net earnings (as defined) for fiscal year ended next preceding Dec. 31, after full preferred dividends and before any dividend or discribution on any other class of stock, to be used to purchase preferred at not to exceed redemption price plus commissions. Any moneys not so used within one year to revert to company. If market value of preferred equals at least \$35 per share at beginning or any quarterly period no retirement fund contribution need be made for such period.

TRANSFER AGENT—Manufacturers Trust Co. New York.

TRANSFER AGENT—Manufacturers Trust Co., New York, REGISTRAR—Bank of the Manhattan Co.,

REGISTRAR—Bank of the Mannatian O., New York.

PURPOSE—Net proceeds to retire \$250,000
215% bank note; to reacquire customers' installment payment contracts previously sold; for expansion of plant factivities, and additional working capital.

OFFERD—(60,000 shares) at \$25 (\$23 to company) per share on Apr. 26, 1946, by Van Alstyne, Noc! & Co., New York, and associates.

PRICE RANGE—

1942

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PRICE RANGE—
High—
1912
1913
1914
2 Sonotone Corp. cemmon; par \$1:
AUTHORIZED — 1.140.000 shares (increased from 1,000.000 shares Apr. 12, 1946); outstanding, Dec. 31, 1948, 829.878 shares: in treasury, 3.319 shares: reserved for conversion of preferred, 175,008 shares: par \$1.

1936 \$0.10 1940-45 0.20 1948 0.40 1937... \$0.25 1946... 0.15 11949. 0.10 1938-39 \$0.15 1947--- 0.25

1940-45 0.20 1940... 0.15 1947... 0.50 1948... 0.40 [1949... 0.10 ETO April 1. 00.000 shares) at 33 per share in July 1933. by Van Aistyne. Noel & Co., Inc., and Great Northern Investing Co., Inc., New

YOTK PRICE RANGE— 1948 1947 1946 1945 1944 High Low 3 215 3 224 215

Dividend Disbursing Agent: Company's office. Transfer Agent: Manufacturers Trust Co.,

Registrar: Bank of the Manhattan Co., New York. Listed: Common listed on New York Curb

AFF!LIATED GAS EQUIPMENT,

INC. NC.
Mistory: Incorporated under Delaware laws Aug. 7, 1948 to acquire assets of Bryant Heater Co., Day & Night Manufacturing Co. and Payne Furnace Co., subsidiaries of Dresser Industries. Inc.

Business: Company manufactures gas heating equipment, water heaters, water coolers and air conditioners.

Properties: Owns in fee plants in Beverly Hills and Menrovia, Cal., and Cleveland, O., with total floor space of 400,000 sq. ft., and leases plants in Tyler, Texas, and Cleveland, Ohio.

leases plants in Tyler, Texas, and Cleveland, Ohio.

Officers: L. C. Harvey, Pres. and Gen. Mgr.; W. J. Bailey, Jr., Vice-Pres.; P. W. Scott, Vice-Pres., Sec. and Treas.
Directors: L. C. Harvey, W. J. Bailey, Jr., M. J. Fortier, N. A. McKenna, F. H. Beam. Annual Meeting: Second Monday in May. No. of Stockholders: March 5, 1949: Preferred. 630; common. 6,368.

No. of Employees (of businesses acquired): Oct. 31, 1948, 1,500.
Executive Offices: 17877 St. Clair Ave., Cleveland 10. Ohio.
Incentive Compensation Fund: Annually, 10% of net profits after state and Federal income taxes, payable as determined by directors.

Combined Income Account years ended

Oct. 31 (Bryant		Day & N	light Mig.
Co., and Payn			
ports):			
	\$29,171,260		
Cost of sales .	20,910,618	16,961,470	
Sell., etc., exp.	4,685,359	3.671.794	2.683.052
Oper. profit	3,575,283	3,316.414	_835,733
Other income	D145.385	46.782	∰205.933
Total income	3,720,668	3.363.196	1,042.666
Interest	86.385	13.441	25.632
Oth. deduct	17,781	11,444	13.936
Fed. inc. tax.	1,325.000	1.259.000	370.500
Pr. yr. tax adj.	45,188	188,771	er 5.130 637,728
Net income	2.246.314	1,890,540	
Pfd. divs.	46.400		
Com, divs Surp. for yr.	91.800	1,890,540	637,728
Previous earn.	2,108,114	1,080,340	001,140
surplus	5.367.263	3,476,723	2,838,995
Earn. surplus.	4.041,460	U, T 40, 1 84	-,0,500
10-31	7,475,377	5,367,263	3.476,723

MIncludes \$130.245 adjustment of reserves in 1948 and \$126.321 profit, net on disposal of assets in 1946.

Combined Sales and Earnings, years ended

Oct. 31:
 Year
 Net Sales
 Net Bef. Tax

 1945
 \$33.539.636
 \$4.349.927

 1944
 33.806.656
 2.875.890

 1943
 37.411.099
 3.110.778

 1842
 12.359.352
 1.285.887

 1941
 6.915.974
 699.662

 1940
 5.553.392
 454.752

 1939
 4.790.730
 289.733

 [] Pro-Forms
 Balance
 Sheet, as

 1948
 (from SEC report):

 Assets:
 Cash

 Receivables, net
 Inventories
 Net Profit \$1,251,671 784,816 869,910 483,986 324,675 315,716

\$2.693.631 3,908.489 7,218,912 Total current
Property, plant & equip.
Other assets
Deferred charges \$13.821,032 3.683.509 31.088 247.967 Total
Liabilities:
Notes, etc., payable
Accounts payable
Accrued taxes, etc.
Federal income taxes \$17,783,596 \$60.161 1,227,412 1,021,302 1,559,721 \$3.868,596 4.000.000 2.000.000 1.000,000 6.915.000

\$17.783.596 \$9,952,436 Total \$11.100.520
Net current assets \$9.932,436

[] Giving effect to sale of stock; purchase of
Bryant Heater Co., Day & Night Mfg. Co., and
Payne Furnace Co., and other adjustments. Total

Payne Furnace Co., and other adjustments.

Term Loans Authorized, \$4.000.000; outstanding, \$4.000.000; dated Jan. 6, 1949, due Feb. 1, 1964 interest 4% per annum, payable F&A 1. All heid by Massachusetts Mutual Life Insurance Co. Penyment of \$200.000 is to be made each Feb. 1, beginning 1950, plus 10% of net income after taxes for preceding fiscal year payable each Apr. 13. beginning 1951. Notes are not secured. Company may not pay any cash dividend on or acquire any capital stock if such disbursements exceed the sum of (a) net income and proceeds of sale of capital stock after Oct. 31, 1948 (except initial financing), and (b) \$620.000. Company is to maintain excess of current assets over current liabilities at least greater of \$4.000,000 or 150% of total debt tas defined).

Capital Stock: 1. Affiliated Gas Equipment,

Capital Stock: 1. Affiliated Gas Equipment, Inc. S3 cumulative preferred; par 350: AUTHORIZED—10.000 shares; outstanding, Feb. 25, 1949, 40,000 shares: par 550. PREFERENCES—Has preference for assets

PREFERENCES—Has preference for assets and dividends.
DIVIDEND RIGHTS—Entitled to cumulative dividends of 53 per share annually pavable quarterly. Mar. 20, etc. to stock of record about Mar. 1, etc.
DIVIDEND RECORD—Initial dividend of 51 cents paid Mar. 20, 1949.
DIVIDEND LIMITATION—See Term Loan, showe

DIVIDEND LIMITATION—See Term Loan, above.
DIVIDEND RESTRICTION—Company may not pay any cash dividend on or acquire junior stock if such disbursements exceed sum of (a) consolidated net income subsequent to Feb. 1, 1949 after deducting preferred dividend and sinking fund requirements. (b) \$100,000 and (c) proceeds of any junior stock sold after Feb. 15, 1949; nor if junior stock plus consolidated surplus is less than 125% of sum of consolidated funded debt and involuntary liquidation value of preferred, and stock of ecual or superior rank, computed on next preceding June 30 or Dec. 31.
VOTING RIGHTS—Has no voting power unless dividends for one year are in arrears, when preferred voting as a class has right to rectors.

elect or rectors.

elect one-third of, but not less than two, directors.

Consent of 65 2,3% of preferred necessary to reclassify or change terms of preferred adversely or create any prior stock; or to issue any preferred, or prior or equal stock, or create, assume or guarantee any funded debt, unless as of preceding June 30 or Dec. 31 the sum of par or stated value of junior stock and consolidated surplus (as defined) is at least 125% of consolidated funded debt plus involuntary liquidation value of all outstanding preferred and stock of superior or equal rank. Concent of majority of preferred necessary to create any equal stock, or increase authorized preferred or equal stock. LIQUIDATION RIGHTS—In liquidation entitled to \$50 per share if involuntary and optional call price if voluntary, plus dividends.

PREEMPTIVE RIGHTS—None.

dends.

PREEMPTIVE RIGHTS—None.

CALLABLE—As a whole or in part on at least 30 days' notice at any time to each Jan. 13 lncl. as follows (\$ per share plus dividends): 1953, 53: 1958, 52!4; thereafter 51!4. Stock so acquired may not be reissued.

Also callable for sinking fund (which see) at special redemption prices to each Jan. 15

766 incl., as follows (\$ per share plus dividends):
1953, 5134; 1956, 5132; thereafter, 5134, I SINKING FUND—Annually and cumulative, A \$1/37 of total shares issued, by purchase or call. Company may anticipate future requirecall. Company may anticipate future requirements.
LISTED—On New York Stock Exchange.
TAX STATUS—Company will reimburse Pennsylvania personal property taxonot exceeding cight mills on taxoble value.
PURPOSE—Proceeds of preferred, common and 4% note finencing to acquire assets of Bryant Heater Co.. Day & Night Manufacturing Co. and Payne Furnace Co.. for capital expenditures and working capital.
TRANSFER AGENT—New York Trust Co., New York.
REGISTRAR—Bankers Trust Co.. New York.
REGISTRAR—Bankers Trust Co.. New York.
OFFERD—40,000 shares \$3 cumulative preferred (par \$50) with non-detachable common stock warrants, and 1,000,000 common shares (par \$1) offered at \$50 per unit of one preferred share and warrant to purchase one common share, and at \$3.25 per common share (proceeds to company \$46.75 and \$8 respectively) on Jan. 13, 1949 by a syndicate headed by Reynolds & Co., New York.

2. Affiliated Gas Equipment, Inc. common; par \$1;
AUTHORIZED—2,000,000 sheres: outstanding, 2. Affiliated Gas Equipment, Inc. common; par Si:
AUTHORIZED—2.000.000 shares: outstanding, Feb. 25. 1949, 1.004.250 shares: reserved for warrants. 40.000 shares: reserved for stock purchase plan. 20.750 shares: par Si.
DIVIDEND RECORD—Initial dividend of 22½ cents paid Apr. 1. 1949.
DIVIDEND LIMITATION — See preferred stock and Term Loan, above.
VOTING RIGHTS—Has one vote per share. with right to cumulative voting for directors. PREEMPTIVE RIGHTS—None.
LISTED—On New York Stock Exchange.
TRANSFER AGENT—New York Trust Co., New York.
OFFERED—See preferred, above.
Stock Purchase Warrants: Each certificate for 53 preferred bears non-detachable warrant entitling holder to purchase, in whole and not in part, one common share at Sil.25 per share for each preferred share, void after Jan. 15, 1954 or redemption date. Warrants protected against dilution. New York Trust Co., New York, warrant agent.
Stock Purchase Plan: Company has reserved 25,000 common shares for sale to officers, directors or employees, at S8 per share. Purchased to Feb. 25, 1949, 4.250 shares.

ALBERS SUPER MARKETS, INC. ALBERS SUPER MARKETS, ALBERS SUPER MARKETS, INC. History: Incorporated in Ohio Sept. 21, 1923. Business: Operates 51 stores in Cincinnati, Columbus. Dayton and other Ohio and Kentucky cities.

Officers: W. H. Albers. Pres.; A. J. Long, Jr., Exec. Vice-Pres. and Treas.; C. R. Reeves. Sec. and Asst. Treas.

Directors: W. H. Albers. A. J. Long, Jr., C. R. Reeves. P. E. Bruce, J. E. Cambris. J. C. Dempsey, M. A. White.

Annual Meeting: Fourth Wednesdey in Feb. No. of Stockholders: Dec. 3, 1948, total, 600. No. of Employees: Dec. 3, 1948, 1,755 (including 640 part time). 52 Wks. to Dec. 27.47 \$40.000.806 34.358.888 3.993.516 160.585 1.583.369 32.860 593.000 150.000 807.509 49.73 122.919 633.808 883.301 Net sales
Cost of sales
General, etc., exp.
Depreciation 161.994 1,599,775 10,108 1,609.853 29.059 600.000 Operating profit...
Other income
Total income

provements Balance Sheet:

Assets:
Cash
Accts. receivable.
Dinventories

Total current
Land, bldgs., etc..
Depreciation
Net property
Lease impr., nct.
Life ins., cash val.
Investment, cost.
Other assets
Sup. & exp. matl.
Prepayments
Deferred charses.

Deferred charges.

Total

Jan. 1.'49 \$436.828 197.159

\$4,465.523 2,704.800 862.015 1.842.785

.842.785 514.468 110.231 15.000 30.481 147.386

121.390 5.387

\$7,252,653

Dec. 27.'47 \$546.934 116.457

\$5,088.048 2,143.787 803.224 1,340.564

.340,564 392,629 97,738 10,000 16,916 105,297

91.155 4.532

\$7,146,879 1938...

Liabilities:	Jan. 1,'49	Dec. 27, 47	Balance Sheet, a
Notes payable Accounts payable	\$414.000 1,110.348	\$1.014.000 1,045.258	Assets: Cash
	13.263	12.657	U.S. treas. notes.
Accrd. taxes, etc. Fed. income tax	103.477 614.795	12.657 102.246 595.556	Advances
Morigage pay	2,000	2.000	Inventories
Total current	\$2.257.862	\$2,771.717	Total current.
Notes payable	543.500 32.700 502.390 4.372 829.700	657.500	Plant & equip Deprec. & amort.
Mortgage pay Invent., etc., res.	502,390	35.200 402.390	Net plant, etc
Other reserve 6% pid. stk. (\$100) E.Common stock.	4.372	4.015 829.700	land invest. in subsid.
Common stock.	308.807	309.807	Patents
Paid-in surplus Earned surplus	619.441 2.152.861	619,441 1,517,109	Patents Adv. to supplier. Other receiv.
			Deid. chgs., etc.
Total Net current assets	\$7,252.G53 2,207,641	\$7.146.879 \$ 2,316,331	Total
TAt cost not in exc 2309,807 no par sh	ess of marke	it.	Liabilities:
Accounts certified.	Deloitte. Ple	nder. Grif-	Accounts payable [Income tax
fiths & Co. Long-Term Debt: O		- 1 1040	Dividends pay
\$657,500 note due Sept quarterly. Also \$34,70	L. 1. 1954 pay	able \$28.500	TReserve
quarterly. Also \$34.70 installments.	0 mortgage	payable in	
Capital Stock: 1. All	ers Super M	arkets, Inc.	Total current. Inventory res
6% cumulative prefer AUTHORIZED-15.000	red; par 5100 theres (incr	: ensed from	Com. stk.(\$0.33 1/3)
			Capital surplus
Mar. 12, 1940); outst	anding, 8,297	shares; in	Total
Mar. 12, 1940): outst tressury, 21 shares; p DIVIDEND RIGHTS- dividends of \$6 per a cuarterly Jan. 1. etc., ord about Dec. 27, etc. DIVIDENDS PALD—F TRANSFER AGENT.	Entitled to	cumulative	Net current assets
cuarterly Jan. 1. etc.	inare annual to stockhold	ly, payable lers of rec-	MAfter deductin
ord about Dec. 27, etc.	bissib selves		800,000; 1947, \$7.279, (2) At lower of co
TRANSFER AGENT	-First Natio	encs paid. mai Bank.	For service w advertising.
			After crediting
2. Albers Super Ma par:		ummun; ne	of 11,475 common adjusted book valu
AUTHORIZED—350.00	C shares; o	utstanding,	of wholly-owned a
AUTHORIZED—350.00 319.807 shares; no par. DIVIDENDS PAID—(1 1942—43 80.20 1944—1 1947 0.40 1948	Since 1942):		DConsolidated. Accounts certifie
1942-43 \$0.20 1944-4 1947 0.40 1948	15 \$0.10 19 0.50	46 \$0.20	Capital Steck: 1.
TRANSFER AGENT	AND REC	GISTRAR—	Inc. common; par ! AUTHORIZED-2.0
Pirat National Bank, (Jinginiau.	- 120	Dec. 31, 1948, 1.05 stock options, 32,9: \$0.33 1.73 (changed i Mar. 21, 1939, share VOTING RIGHTS
BENDIX HOME AS History: Incorporat			\$0.33 1/3 (changed)
1946			Mar. 21, 1939, share
sale of Bendix Hor	ın tne manuı ne Laundry	machines.	SUELS. CHMATERIAS
Products include ele	trically ope	rated auto-	PREEMPTIVE RIC
Business: Engaged sale of Bendix Hor Products include element type washing as gas and electric mode	l drying mac	nines and	unissued.
rany has 9.500 dealer	sales outlets	l.	DIVIDENDS PAID
throughout the U.S.	and in foreign	n countries.	1947 3.00 194
Product is sold throthroughout the U.S. a Property: Owns placed on 12 acres	int at South	Bena, Ind.	1947 3.00 194 TTO ADT. 15. PRICE RANGE—
about 103,630 sq. ft. o sembling operations, istration offices. Man concentrated at Clyd	figor area u	sed for as-	LIEU
sembling operations,	engineering : ufacturing ac	and admin-	Low
concentrated at Clyd	e, Ohio, plan	t, acquired	Transfer Agents: sey City. N. J., N. New York. N. Y. at S.A., San Francisco
			S.A., San Francisco
Subsidiaries: H. J. Corp. and Bendix Ho Ltd.	me Applianc	es. Canada,	Registrors: Guar N. Y. and Central
Officers: H. J. Dowd	, Chairman;	J. S. Sayre,	Listed: On New
Officers: H. J. Dowd Pres.: W. F. Oliver, V Sec.: W. L. Booth, Co.	ice-Pres.; J.	D. Sharpe,	Los Angeles Stock Stock Options: O
Sec.	p, O. 2. O	D. W. M. 1. 2000 C.	mon shares were
Directors: J. S. Sa	rre, H. J. D	owd, E. W.	employees at mark tions are granted.
Ross. E. R. Farny, M. Annual Meeting: So			tions are granted. 17,075 shares had b
at South Bend, Ind.	SCOUR THESE	i) in Sipin	BETHLEHEM F
Number of Stockhol	iders: Dec. 31	, 1948, 4,622.	CO.
Number of Employ			History: Incorpo laws on April 28, established in 1856.
General Office: 3300 Bend, Ind.	West Sample	St. Bouth	established in 1856.
income Account, ye	ars ended De	c. 31:	Business: Production by company serve
		4040	
Net sales	11948 \$50 179 472	1947 881 325 286	by company serve chemical, oil and su
Net sales	\$50,179,422	宝倉1 325 286	chinery; the Wed
Cost of sales	\$50,179,422	\$81,325,286 55,815,943 7,633,300 850,513	chinery; the Wed used in preparation
Cost of sales Selling, etc., exp Deprec & amort.	\$50,179,422	\$81,325,286 55,815,943 7,633,300 850,513 17,025,530	chinery; the Wed used in preparation other ores, oil and in production of he
Cost of sales Selling, etc., exp Deprec & amort.	\$50,179,422 37,423,955 6,223,667 1,079,562 5,452,238 387,942	\$81,325,286 55,815,943 7,633,300 850,513 17,025,530	chinery; the Wed used in preparation other ores, oil and in production of he factures oil burner
Cost of sales Selling, etc., exp Deprec. & amort. Operating profit Other income, net Total income Fed. income tax	\$50.179.422 37.423.955 6.223.667 1.079.562 5.452.238 387.942 5.840.180 1.800.000	\$81,325,286 55,815,943 7,633,300 850,513	chinery; the Wed used in preparation other ores, oil and in production of he factures oil burner
Cost of sales Selling, etc., exp Deprec. & amort. Operating profit Other income, net Total income Fed. income tax Can. income tax	\$50,179,422 37,423,955 6,223,667 1,079,562 5,452,238 387,942 5,840,180 1,800,000	\$81.325.286 55.815.943 7.633.300 850.513 17,025.530 377.198 17.402.728 6,850.000	chinery; the Wed used in preparation other ores, oil and in production of he factures oil burner
Cost of sales Selling, etc., exp Deprec. & amort. Operating profit. Other income, net Total income Fed. income tax Can. income tax Net lacome	\$50.179.422 37.423.955 6.223.967 1.079.562 5.452.238 387.942 5.840.180 1.800.000 4.001.180 1.585.157	\$81,325,286 55,815,943 7,633,300 850,513 17,025,530 377,198 17,402,728 6,850,000 10,552,728	chinery; the Wed used in preparation other ores, oil and in production of he factures oil burner
Cost of sales Selling, etc., exp Deprec. & amort. Operating profit. Other income, net Total income Fed. income tax Net !meome Dividends Surplus for year	\$50,179,422 37,423,955 6,223,667 1,079,562 5,452,238 387,942 5,840,180 1,800,000 39,000 4,001,180 1,585,157 2,416,023	\$81,325,286 \$5,815,943 7,633,300 850,513 17,025,530 377,198 17,402,728 6,850,000 10,552,728 3,140,642 7,412,086	chinery; the Wed used in preparation other ores, oil and in production of he factures oil burner
Cost of sales Selling, etc., exp Deprec. & amort. Operating profit Other income, net Total income tax Fed. income tax Net income tax Dividends Surplus for year Earn. surplus, 1-1.	\$50.179.422 37.423.955 6.223.667 1.079.562 5.452.238 387.942 5.840.180 1.800.000 39.000 4.001.180 1.585.157 2.416.023 9.494.436	\$81,325,286 55,815,943 7,633,300 850,513 17,025,530 377,198 17,402,728 6,850,000 10,552,728 3,140,642 7,412,086 3,282,350	chinery; the Wed used in preparation other ores, oil and in production of he factures oil burner
Cost of sales Selling, etc., exp Deprec. & amort. Operating profit. Other income, net Total income tax Can. income tax Net lecome Dividends Surplus for year Earn. surplus, 1-1. Pr. yr. inc. tax Inventory res.	\$50,179,422 37,423,955 6,223,667 1,079,562 5,452,238 387,942 5,840,180 1,800,000 39,000 4,001,180 1,585,157 2,416,023 9,494,436 75,000	\$81,325,286 55,815,943 7,633,300 850,513 17,025,530 377,198 17,402,728 6,850,000 10,552,728 3,140,642 7,412,086 3,282,350 1,200,000	chinery; the Wed used in preparation other ores, oil and in production of he factures oil burner
Cost of sales Selling, etc., exp Deprec. & amort. Operating profit Other income, net Total income Fed. income tax Net income tax Net income sax Net income sax Livenius for year Earn. surpius, 1-1. Pr. yr. inc. tax Inventory res. Earn. surp., 12-31 MCconsolidated, incli	\$50.179.422 37.423.955 6.223.667 1.079.562 5.452.238 387.942 1.800.000 39.000 4.001.180 1.585.157 2.416.023 9.494.436 75.000 cr 1.200.000 13.035,460	\$81,325,286 55,813,943 7,633,300 850,513 17,025,530 377,198 17,402,728 6,850,000 10,552,728 3,140,642 7,412,086 3,282,350 1,200,000 9,494,436 Ons of H. J.	repair parts for ci- chinery; the Wed used in preparation of ther ores, oil and in production of he factures oil burner Property: Plant covers 3.85 acres. Officers: G. P. Sciver, Pres.; G. A E. H. Dimler, R. W Pres.; W. H. Moyer Directors: E. H. I Sciver, Elwell Wh Fluck, C. S. Dieter Sciver, II, W. H. B Annual Meeting:
Cost of sales Selling, etc., exp Deprec. & amort. Operating profit. Other income, net Total income tax Can. income tax Net leeome Dividends Surplus for year Earn. surplus, 1-1. Pr. yr. inc. tax Earn. surp 12-31 [fiConsolidated, incl. Rand Washing Mach	\$50.179.422 37.423.955 6.223.667 1.079.562 5.452.238 387.942 5.840.180 1.800.000 39.000 4.001.180 1.585.157 2.416.023 9.494.436 75.000 cr 1.200.000 13.035.460 utine Corp. a	\$81,325,286 55,815,943 7,633,300 850,513 17,025,530 377,198 17,402,728 6,850,000 10,552,728 3,140,642 7,412,086 3,282,350 1,200,000 9,494,436 ons of H J nd Bendix	repair parts for ci- chinery; the Wed used in preparation other ores, oil and in production of he factures oil burner Preperty: Plant covers 3.85 acres. Officers: G. P. C. Sciver, Pres.; G. A. E. H. Dimler, R. W Pres.; W. H. Moyer Directors: E. H. I Sciver, Elwell Wh Fluck. C. S. Dieter Sciver, II. W. H. & Annual Meetings Ma. of Stackhold
Cost of sales Selling, etc., exp Deprec. & amort. Operating profit. Other income, net Total income tax Can. income tax Net lecome Dividends Surplus for year Earn. surplus, 1-1. Pr. yr. inc. tax Lenventory res Earn. surp 12-31 [I]Consolidated, incl. Rand Washing Mach Home Appliances Can subsidiaries).	\$50.179.422 37.423.955 6.223.667 1.079.562 5.452.238 387.942 5.840.180 1.800.000 39.000 4.001.180 1.585.157 2.416.023 9.494.436 75.000 cr 1.200.000 13.035.460 uding operatione Corp. and Ltd. (wh	\$81,325,286 55,815,943 7,633,300 850,513 17,025,530 377,198 17,402,728 6,850,000 10,552,728 3,140,642 7,412,086 3,282,350 1,200,000 9,494,436 ons of H. J. nd Bendix olly-owned	repair parts for ci- chinery; the Wed used in preparation other ores, oil and in production of he factures oil burner Property: Plant covers 3.85 acres. Officers: G. P. Sciver, Pres.; G. A E. H. Dimler, R. W. Pres.: W. H. Moyer Directors: E. H. I Sciver, Elwell Wh Fluck, C. S. Dieter Sciver, II. W. H. B Annual Meeting: No. of Stockhold No. of Employee: Office: Bethlehen
Cost of sales Selling, etc., exp Deprec. & amort. Operating profit. Other income, net Total income tax Can. income tax Net lecome Dividends Surplus for year Earn. surplus, 1-1. Pr. yr. inc. tax Lenventory res Earn. surp 12-31 [I]Consolidated, incl. Rand Washing Mach Home Appliances Can subsidiaries).	\$50.179.422 37.423.955 6.223.667 1.079.562 5.452.238 387.942 5.840.180 1.800.000 39.000 4.001.180 1.585.150 2.416.023 9.494.436 75.000 cr 1.200.000 13.035.460 uding operatione Corp. a mada, Ltd. (wh	\$81,325,286 55,813,943 7,633,300 850,513 17,025,530 377,198 17,402,728 6,850,000 10,552,728 3,140,642 7,412,086 3,282,350 1,200,000 9,494,436 ons of H. J. nd Bendix olly-owned 2,31 (in \$): Earn.	repair parts for ci- chinery; the Wed used in preparation other ores, oil and in production of he factures oil burner Preperty: Plant covers 3.85 acres. Officers: G. P. 6 Sciver, Pres.; G. A. E. H. Dimler, R. W Pres.; W. H. Moyer Directors: E. H. J. Sciver, Elwell Wh Fluck, C. S. Dieter Sciver, II. W. H. B Annual Meeting: No. of Employee: No. of Employee:
Cost of sales Selling, etc., exp Deprec. & amort. Operating profit. Other income, net Total income tax Can. income tax Net lacome tax Surplus for year Earn. surplus, 1-I. Pr. yr. inc. tax Inventory res Inventory res Earn. surplus, 1-I. Barn. surplus, 1-I. Barn. surplus, 1-I. Sales and Earnings, Net Sales and Earnings, Net Sales Inc	\$50.179.422 37.423.955 6.223.667 1.079.562 5.452.238 387.942 5.840.180 1.800.000 39.000 4.001.180 1.585.157 2.416.023 9.494.436 75.000 cr 1.200.000 13.035,460 uding operatione Comp. a ada, Ltd. (wh	\$81,325,286 55,815,943 7,633,300 850,513 17,025,530 377,198 17,402,728 6,850,000 10,552,728 3,140,642 7,412,086 3,282,350 1,200,000 9,494,436 ons of H J and Bendix oily-owned 2,21 (in \$): Earn. on Com.	repair parts for ci- chinery; the Wed used in preparation other ores, oil and in production of he factures oil burner Preperty: Plant covers 3.85 acres. Officers: G. P. 6 Sciver, Pres.; G. A. E. H. Dimler, R. W Pres.; W. H. Moyer Directors: E. H. J. Sciver, Elwell Wh Fluck, C. S. Dieter Sciver, Elwell Wh Fluck, C. S. Dieter Sciver, II. W. H. B Annual Meeting: No. of Employee: Office: Bethlehen income Account,
Cost of sales Selling, etc., exp Deprec. & amort. Operating profit. Other income, net Total income tax Can. income tax Net lacome tax Surplus for year Earn. surplus, 1-I. Pr. yr. inc. tax Inventory res Inventory res Earn. surplus, 1-I. Barn. surplus, 1-I. Barn. surplus, 1-I. Sales and Earnings, Net Sales and Earnings, Net Sales Inc	\$50.179.422 37.423.955 6.223.667 1.079.562 5.452.238 387.942 5.840.180 1.800.000 39.000 4.001.180 1.585.157 2.416.023 9.494.436 75.000 cr 1.200.000 13.035,460 uding operatione Comp. a ada, Ltd. (wh	\$81,325,286 55,815,943 7,633,300 850,513 17,025,530 377,198 6,850,000 10,552,728 3,140,642 7,412,086 3,282,350 1,200,000 9,494,436 cons of H. J. nd Bendix olly-owned 1,31 (in \$): Earn. on Com. 50 3,78	repair parts for ci- chinery; the Wed used in preparation other ores, oil and in production of he factures oil burner Preperty: Plant covers 3.85 acres. Officers: G. P. 6 Sciver, Pres.; G. A. E. H. Dimler, R. W Pres.; W. H. Moyer Directors: E. H. J. Sciver, Elwell Wh Fluck, C. S. Dieter Sciver, Elwell Wh Fluck, C. S. Dieter Sciver, II. W. H. B Annual Meeting: No. of Employee: Office: Bethlehen income Account,
Cost of sales Selling, etc., exp Deprec. & amort. Operating profit. Other income, net Total income tax Can. income tax Net lacome tax Surplus for year Earn. surplus, 1-I. Pr. yr. inc. tax Inventory res Inventory res Earn. surplus, 1-I. Barn. surplus, 1-I. Barn. surplus, 1-I. Sales and Earnings, Net Sales and Earnings, Net Sales Inc	\$50.179.422 37.423.955 6.223.667 1.079.562 5.452.238 387.942 5.840.180 1.800.000 39.000 4.001.180 1.585.157 2.416.023 9.494.436 75.000 cr 1.200.000 13.035,460 uding operatione Comp. a ada, Ltd. (wh	\$81,325,286 55,815,943 7,633,300 850,513 17,025,530 377,198 17,402,728 6,850,000 10,552,728 3,140,642 7,412,086 3,282,350 1,200,000 9,494,436 ons of H. J. ond Bendix olly-owned 2,31 (in \$): Earn. on Com. 3,78 10,08	repair parts for ci- chinery; the Wed used in preparation other ores, oil and in production of he factures oil burner Preperty: Plant covers 3.85 acres. Officers: G. P. 6 Sciver, Pres.; G. A. E. H. Dimler, R. W Pres.; W. H. Moyer Directors: E. H. J. Sciver, Elwell Wh Fluck, C. S. Dieter Sciver, Elwell Wh Fluck, C. S. Dieter Sciver, II. W. H. B Annual Meeting: No. of Employee: Office: Bethlehen income Account,
Cost of sales Selling, etc., exp Deprec. & amort. Operating profit. Other income, net Total income Fed. income tax Net lacome tax Net lacome Dividends Surplus for year Earn. surplus, 1-1. Pr. yr. inc. tax Inventory res Earn. surp. 12-31 [IConsolidated, incl. Rand Washing Mach Home Appliances Can subsidiaries). Sales and Earnings, Net Sales Inc. 1948 50,179,422 4.00 1947 81,325,286 10,53 1946 30,836,262 31 1945 11,433,711 16	\$50.179.422 37.423.955 6.223.667 1.079.562 5.452.238 387.942 5.840.180 1.800.000 39.000 4.001.180 1.585.157 2.416.023 9.494.436 75.000 cr 1.200.000 uding operation Corp. a mada, Ltd. (wh years to Device No. of ome Share 11.180 1.058.7; 1.180 1.058.7; 1.180 1.058.7; 1.180 1.058.7; 1.180 1.058.7; 1.180 1.042.369	\$81,325,286 55,815,943 7,633,300 850,513 17,025,530 377,198 17,402,728 6,850,000 10,552,728 3,140,642 7,412,086 3,282,350 1,200,000 9,494,436 ons of H. J. ond Bendix olly-owned 2,31 (in \$): Earn. on Com. 3,78 10,08	repair parts for ci- chinery; the Wed used in preparation other ores, oil and in production of he factures oil burner Preperty: Plant covers 3.85 acres. Officers: G. P. 6 Sciver, Pres.; G. A. E. H. Dimler, R. W Pres.; W. H. Moyer Directors: E. H. J. Sciver, Elwell Wh Fluck, C. S. Dieter Sciver, Elwell Wh Fluck, C. S. Dieter Sciver, II. W. H. B Annual Meeting: No. of Employee: Office: Bethlehen income Account,
Cost of sales Selling, etc., exp., Deprec. & amort. Operating profit. Other income, net Total income tax Can. income tax Net leseme Dividends Surplus for year Earn. surplus, 1-1. Pr. yr. inc. tax Inventory res Earn. surp. 12-31 [IConsolidated, inche and Washing Mach Home Appliances Can subsidiaries). Sales and Earnings, Net N Sales Inc. 1948 50,179,422 4.00 1947 61,325,286 10,55 1946 30,836,262 3,11 1944 8.668,272 21 1943 4,810,437	\$50.179.422 37.423.955 6.223.667 1.079.562 5.452.238 387.942 5.840.180 1.800.000 4.001.180 1.585.157 2.416.023 9.494.436 75.000 cr 1.200.000 13.035.460 udding operation of the corp. and and a. Ltd. (which is the corp. and a. Ltd. (which is the corp. and and a. Lt	\$81,325,286 55,815,943 7,633,300 850,513 17,025,530 377,198 17,402,728 6,850,000 10,552,728 3,140,642 7,412,086 3,282,350 1,200,000 9,494,436 ons of H.J. ond Bendix olly-owned 2,31 (in \$): Earn. 00 0,78 5 0,10 5 0,16 5 0,16 5 0,22 5 0,07	repair parts for ci- cichinery; the Wed used in preparation other ores, oil and in production of he factures oil burner Property: Plant covers 3.85 acres. Officers: G. P. 6 Sciver, Pres.; G. A. E. H. Dimler, R. W Pres.; W. H. Moyer Directors: E. H. J. Sciver, Elwell Wh Fluck, C. S. Dieter Sciver, II. W. H. B Annual Meeting: No. of Stockhold No. of Employee Office: Bethlehen income Account, Gross profit Selling, etc., exp. @Operating profit Other income, net Total income Lors, assets sold.
Cost of sales Selling, etc., exp Deprec. & amort. Operating profit. Other income, net Total income Fed. income tax Can. income tax Net lneome Dividends Surplus for year Earn. surplus, 1-1. Pr. yr. inc. tax Inventory res Earn surplus, 1-2-31 [I]Consolidated, incl. Rand Washing Mach Home Appliances Can subsidiaries). Sales and Earnings, Net Sales Inc 1948 50,179,422 4.0 1948 1949 194	\$50.179.422 37.423.955 6.223.667 1.079.562 5.452.238 387.942 5.840.180 1.900.000 39.000 4.001.180 1.585.157 2.416.023 9.494.436 7.5.000 cr 1.200.000 13.035.460 uding operation Corp. a ada, Ltd. (where the propers to proper the proper to proper the	\$81,325,286 55,815,943 7,633,300 850,513 17,025,530 377,198 17,402,728 3,140,642 7,412,086 3,282,350 1,200,000 9,494,436 ons of H J, od Bendix olly-owned 2,21 (in \$); Earn. 50 Com. 3,78 15 10.08 15 0.16 5 0.22 15 0.07 10 0.11	repair parts for ci- chinery; the Wed used in preparation other ores, oil and in production of he factures oil burner Preperty: Plant covers 3.85 acres. Officers: G. P. 6 Sciver, Pres.; G. A. E. H. Dimler, R. W Pres.; W. H. Moyer Directors: E. H. 1 Sciver, Elwell Wh Fluck, C. S. Dieter Sciver, Elwell Wh Fluck, C. S. Dieter Sciver, II. W. H. B Annual Meeting: No. of Stockhold No. of Employee: Office: Bethlehen income Account, Gross profit Selling, etc., exp. @Operating profit Other income, net Total income Lozs, assets sold. Interest Income taxes Net profit
Cost of sales Selling, etc., exp Deprec. & amort. Operating profit. Other income, net Total income tax Can. income tax Can. income tax Net lneome Dividends Surplus for year Earn. surplus, 1-1. Pr. yr. inc. tax Inventory res Earn. surplus, 1-2-31 [I]Consolidated, incl. Rand Washing Mach Home Appliances Can subsidiaries). Sales and Earnings, Net Sales and Earnings, Net 1948 50,179,422 40,1946 1946 30,836,262 3.11 1946 30,836,262 3.11 1944 8.668,272 23 1943 4,810,437 1941 7,882,956 1941 7,882,956 1941 7,882,956 1940 5319,155 1940.	\$50.179.422 37.423.955 6.223.667 1.079.562 5.452.238 387.942 5.840.180 1.800.000 39.000 4.001.180 1.585.157 2.416.023 9.494.436 75.000 cr 1.200.000 13.035.460 uding operation of the corp. a mag. Ltd. (which is the corp. a	\$81,325,286 55815,943 7,633,300 850,513 17,025,530 377,198 17,402,728 6,850,000 10,552,728 3,140,642 7,412,086 3,282,350 1,200,000 9,494,436 cons of H. J. nd Bendix colly-owned 2, 31 (in \$): Earn. 6 00,000 3,04 5,000 1,008 6,000 1,008 6,000 1,008 6,000 1,008 6,000 1,008 6,000 1,008 6,000 1,008 6,000 1,008 6,000 1,000 1,008 6,000 1,008 6,000 1,008 6,000 1,008 6,000 1,008 6,000 1,000	repair parts for ci- chinery; the Wed used in preparation other ores, oil and in production of he factures oil burner Property: Plant covers 3.85 acres. Officers: G. P. 6 Sciver, Pres.; G. A. E. H. Dimler, R. W. Pres.; W. H. Moyer Directors: E. H. 1 Sciver, Elwell Wh Fluck, C. S. Dieter Sciver, II. W. H. Annual Meeting: No. of Stockhold No. of Employee Office: Bethlehen income Account, Gross profit Selling, etc., exp. EOperating profit Other income, net Total income Lors, assets sold. Interest Income taxes Net profit
Cost of sales Selling, etc., exp Deprec. & amort. Operating profit. Other income, net Total income tax Can. income tax Net lacome tax Surplus for year Earn. surplus, 1-1. Pr. yr. inc. tax Inventory res Earn. surplus, 1-2-31 (fiConsolidated, incl. Rand Washing Mach Home Appliances Can subsidiaries). Sales and Earnings, Net Sales Inc 1948 50.179,422 400 1947 81.325.286 10.55 1946 30.836.262 3.11 1945 1.325.286 10.55 1944 8.668.272 1943 4.810.437 1943 4.810.437 1943 4.810.437 1944 5.580.983 1941 7.882.956 17539 2.538.345 8 31	\$50.179.422 37.423.955 6.223.667 1.079.562 5.452.238 387.942 5.840.180 1.800.000 39.000 4.001.180 1.585.157 2.416.023 9.494.436 75.000 cr 1.200.000 13.035.460 usine Corp. a ada, Ltd. (wh years to Declet No. of Share 01.180 1.058.7: 2.728 1.047.3; 8.780 1.042.39 1.042.361 1.041.7; 4.824 966.7. 1.486 762.64	\$81,325,286 55,815,943 7,633,300 850,513 17,025,530 377,198 17,402,728 6,850,000 10,552,728 3,140,642 7,412,086 3,282,350 1,200,000 9,494,436 ons of H. J. nd Bendix olly-owned 1,31 (in \$): Earn. son Com. 90 3,78 50 1,008 90 3,78 50 1,008 90 3,78 1,008 90 3,78 1,008 90 3,78 1,008 90	repair parts for ci- chinery; the Wed used in preparation other ores, oil and in production of he factures oil burner Preperty: Plant covers 3.85 acres. Officers: G. P. 6 Sciver, Pres.; G. A. E. H. Dimler, R. W Pres.; W. H. Moyer Directors: E. H. 1 Sciver, Elwell Wh Fluck, C. S. Dieter Sciver, Elwell Wh Fluck, C. S. Dieter Sciver, II. W. H. B Annual Meeting: No. of Stockhold No. of Employee: Office: Bethlehen income Account, Gross profit Selling, etc., exp. @Operating profit Other income, net Total income Lozs, assets sold. Interest Income taxes Net profit

MENIB		
Balance Sheet, as	of Dec. 31:	
Assets: Cash	1948 \$3,486.472	\$3,928,522
Cash U. S. treas. notes. Advances	267.003	
Accts. receiv., net	204,600 267,003 1,574,164 7,558,711	162.016 1.730.795 10.377.047
Total current.		\$16 192 220
Plant & equip	\$13.090.930 3.132.204 1.187.601	\$16.198.379 2.742.066 1.081.835 1.660.331
Met plant, etc	1.944.603	1,660.231 20.200
Invest, in subsid.	10,200 20,155 500,001	4.035
Adv. to supplier. Other receiv.	395.000	111.11
Defd. chgs., etc.	36.603 307.422	226,500
Total Liabilities:	\$16,304,934	\$18.220.458
Accounts payable	\$1.093.068	\$4.588.893
Accounts payable filmcome tax Dividends pay	131.400 397.046	242,868
TReserveAccruals	397.046 547.888 488.889	1.624.080 571.074
Total current.	\$2.658.292	\$7.026 916
Inventory res Com. stk.(\$0.33 1/3)	352.930	1.200.000 349.105
Inventory res Com. stk. (\$0.33 1/3) Earned surplus Capital surplus	13.035.460 @258,252.	9.494.435 150.001
Total	\$16.304.934	
		\$18.220.458 \$9.171,463
800,000; 1947. \$7.279.05	O. S. UK HOTE O.	a: 1848' 23'-
Mafter deducting 800,000; 1947, \$7,279,05 PAt lower of cost For service war	or market. Tanties and (cooperative
EAfter crediting a of 11,475 common sh adjusted book value	ares, and \$162 over cost of ca	excess of
of wholly-owned sub DConsolidated.	sidiary.	
	by Eisner &	Lubin.
Inc. common; par 50.	33 1/3:	
Dec. 31, 1948, 1,058,7	.000 snares; o 190 shares; re	utstanding. served for
stock options, 32,925 \$0.33 1./3 (changed from	shares (see b om 50.33 1/3 cla	elow); par
Mar. 21, 1939, share i	or share).	e vote per
share. Cumulative v	oting permitte	d.
share. Cumulative v PREEMPTIVE RIGH rights with respect	oting permitte ITS—Has no to 250,000 com	d. preemptive mon shares
Accounts certified Capital Steek: 1. B inc. common; par So. AUTHORIZED—2.000 Dec. 31. 1948, 1.058.7 stock options, 32,925 S0.33 1.73 (changed ifs Mar. 21, 1939, share if VOTING RIGHTS— share. Cumulative v PREEMPTIVE RIGH rights with respect is unissued. DIVIDENDS PAID—	oting permitte iTS—Has no to 250,000 com	
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DIVIDENDS PAID— 1942 \$0.10 1943-	45 nii 194	6 \$0.50
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DIVIDENDS PAID— 1942 \$0.10 1943-	45 nii 194	6 \$0.50
DIVIDENDS PAID- 1942 \$0.10 1943. 1947 \$0.10 1948. TTO APR. 15. PRICE RANGE— II High 15. Transfer Agents: I. Evy City. N. J., Ma New York. N. Y. and S.A., San Francisco. Registrars: Guaran N. Y. and Central B. Listed: On New Y Los Angeles Stock E Stock C Ptiens: On mon shares were au tions are granted. At 17,075 shares had bee BETHLEHEM FO	45 nil 1946 1.12½ III 1.48 1947 1946 13.4 2534 2334 13.5 17.4 12½ 1.5	949. 0.37% 1945 1944 2514 97, 744 518 Bank, Jer- Trust Co., rica N.T. & New York, Cal. neiseo and 50,000 com- cale to key on day op- options for
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DIVIDENDS PAID— 1942 \$0.10 1943. 1947 \$0.10 1948. 1947 \$1.00 1948. 1947 \$1.00 1948. 1948 \$1.00 1948. 1948 \$1.00 1948 \$1.0	45 nil 1946 1.12½ III 1.42½ III 1.48 1947 1946 13½ 253½ 23½ 175½ 173½ 12½ 1715 National rine Midland Bank of Ame thy Trust Co ank, Oakland, ork, San Fra xchanges. Aug. 29, 1944, thorized for t quotations of Dec. 31, 1948, en exercised. UNDRY & Se ted under Pe 1888. Business	99. 0.37% 1945 1944 251/2 97; 745 51/2 Bank, Jer- Trust Co., rica N.T. & New York, Cal. neiseo and ancieto key on day op- options for RACHINE nnsylvania nnsylvania
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DIVIDENDS PAID— 1942 \$0.10 1943. 1947 \$0.10 1944. 1947 \$1.00 1946. 1947 \$1.00 1946. 1948 \$1.00 1946. 1948 \$1.00 1946 \$1.0	45 nil 1946	1945 1944 2514 97; 745 81; Bank, Jer- Trust Co., rica N.T. & New York, Cal. neiseo and 50,000 com- lale to key on day op- options for ACHINE nnsylvania originally d and sold tallurgical od include g Furnace ; lead and
DIVIDENDS PAID— 1942 \$0.10 1943. 1947 \$0.10 1944. 1947 \$1.00 1946. 1947 \$1.00 1946. 1948 \$1.00 1946. 1948 \$1.00 1946 \$1.0	45 nil 1946	1945 1944 2514 97; 745 81; Bank, Jer- Trust Co., rica N.T. & New York, Cal. neiseo and 50,000 com- lale to key on day op- options for ACHINE nnsylvania originally d and sold tallurgical od include g Furnace ; lead and
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DIVIDENDS PAID— 1942 \$0.10 1943. 1947 \$0.10 1944. 1947 \$1.00 1946. 1947 \$1.00 1946. 1948 \$1.00 1946. 1948 \$1.00 1946 \$1.0	45 nil 1946	1945 1944 2514 97; 745 81; Bank, Jer- Trust Co., rica N.T. & New York, Cal. neiseo and 50,000 com- lale to key on day op- options for ACHINE nnsylvania originally d and sold tallurgical od include g Furnace ; lead and
DIVIDENDS PAID— 1942 \$0.10 1943. 1947 \$0.10 1948. TTO APT. 15. PRICE RANGE— II High	45 nil 1946	1945 1944 2514 97, 744 58, Bank, Jer- Trust Co. Trust Co. New York, neiseco and 50,000 com- sele to key on day op- options for MACHINE nnsylvania originally d and sold tallurgical, dinclude allied ma- primace c, lead and selem, Pa. J. H. Van Vice-Pres.; eter. Vice- eter. Vice- i. J. H. Ven of D. Van ior. R. W. G. D. Van 1, 139.
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1947 \$849,866 \$94,411 455,455

£ 102

461.557 2.220 32.435

188.000 238,902

1948 \$714,082 387,640 326,442

6,064 332,506

30,376 133,500 168,630 47 23,512 27,069 118,049

MOODY'S MANUAL OF INVESTMENTS

AMERICAN AND FOREIGN

INDUSTRIAL SECURITIES

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1950

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PHILADELPHIA BOSTON CHICAGO LOS ANGELES PITTSBURGH SAN FRANCISCO Stock Exchange Bldg. 75 Federal St. 105 W. Adams St. Hollingsworth Bldg. Union Trust Bldg. Russ Bldg.

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guarantee any funded debt (as defined) or permit any subsidiary so to do (except to company or wholly-owned subsidiary, or extensions, renewals or refundings of funded debt outstanding or retired within a months prior thereto and not theretofore refunded) unless thereafter consolidated net tangible assets (as defined) at a date within 60 days preceding equal at least 165 2/% of consolidated funded debt plus involuntary liquidation value of all preferred and prior or equal stock to be outstanding.

CONVERTIBLE—Into common at any time (or

outstanding.

CONVERTIBLE—Into common at any time (or to close of third business day preceding redemption if called) at \$18 per common share to Feb. 1, 1952 incl. and \$22.50 per common share to Feb. 1, 1957 incl., with no adjustment for dividends and with cash or scrip for fractional shares. Preferred converted may not be reissued. Conversion rights protected against adjusted.

855.50: 1951, 855: 1953, 854.50: 1955, 854; 1957, 853.50. and \$53 thereafter. Preferred so accounted to be cancelled. PURPOSE—Proceeds used to refund \$7.000.000 term bank notes and balance for corporate

PURPOSE—Proceeds used to refund 37,000,000 term bank notes and balance for corporate nurrones.

LISTED—On New York Stock Exchange.

OFFERED—(180,000 shares) at \$33 per share (nroceeds to company, \$50,375 per share) on Feb. 19, 1947 by a syndicate headed by Union Securities Corp. and Stone & Webster Securities Corp. New York

TRANSFER AGENTS—New York Trust Co., Philadel-

New York and phia. REGISTRARS-York and Provident Trust Co., Philadel-

demption if called) at \$18 per common share to Feb. 1, 1932 incl., and \$22.50 per common share to Feb. 1, 1932 incl., with no adjustment for dividends and with cash or scrip for fractional shares. Preferred converted may not be reissued. Conversion rights protected against dilution.

CALLABLE—As a whole or in part on at least 35 days' notice at any time to each Feb. 1 incl. as follows (per share, plus dividends): 1948, who received payment in cash), 930,636 shares:

Dividend Trust Co., New York and Provident Trust Co., New York and Provident Trust Co., New York and Philadelphia National Bank.

DIVIDEND DISBURSING AGENT—New York outred for treasury from dissenters to merger who received payment in cash), 930,636 shares:

Trust Co.

reserved for conversion, 444.444 shares: par \$1 (changed from no par in June, 1942, share for

share).
DIVIDEND RECORD—

1942-43 Nil 1944-7 80.30 1948... \$0.50

1949... 0.75 [[1950... 0.25]]

[[TO January 4.]

IITO January 4.

DIVIDEND LIMITATIONS—See "Dividend Restrictions" under 1st 31/s. 1960 and 1st 33/s. 1963.

VOTING RIGHTS—Has one vote per share with cumulative voting for directors. See 41/s preferred (No. 1 above).

PREEMPTIVE RIGHTS—None
LISTED—On New York Stock Exchange.

ADVANCE PAINT CO.

ADVANCE PAINT CO.

History: Incorporated in Indiana. Jan. 9.

1905. Business established Dec. 1, 1239.

Business: Manufactures paints. enamels.
shellacs. varnishes. laccuers and lacquer base
products and other metal and wood finishing
materials: also a waterproof shellac substitute
under trademark O'Shellac.

Property: Company owns plant located at
Indianapolis.

Officers: R. E. Kelly. Pres. and Treas.: W. A.
Queisser, Vice-Pres.; C. W. Queisser, Sec.; B. C.
Schaefer. Controller.

Directors: R. E. Kelly, W. A. Queisser, J. J.
Minta.

Minta.

No. of Employees: Dec. 31, 1949, 175.

Office: 545 Abbott St., Indianapolis, Ind.

Bubsidiery: Advance Paint Products, Inc.,
Indianapolis: wholly-owned.

Income Account, years ended Nev. 30:

	1949	1948
Net sales	\$2.501.067	\$3,067,558
Cost of sales	1.898.590	2.160.333
Belling, etc., exp.	671.657	777,959
Oper. profit	dr 69.180	129.568
Other Income	28.163	36.964
Total income	dr 41.015	166.532
Other deduct.	91.626	88.807
Fed. inc. tax		25.717
Net profit	dr 132.641	52.008
Balance Sheet, as		
_ Assets:	1949	1948
Cash,	\$53,910	\$65,024
Receivables, net _	248.761	277.266
Inventories	241.116	303.484
Life ins., cash val.	66.828	61.557
Prepayments	21.363	11,141
Total current.	\$631.978	\$718.472
Bldgs. and equip.	2.090.084	913.834
Depreciation	291.366	291.474 622.360
Net bldgs., etc	1 2.007.688	622.350
Land	62,397	67.359
Construction	*******	1,138.497
Invest. in sub.	60.768	50.768
Other invest.	14.200	14,200
Deferred charges.	35.594	36.181
Patents, etc.	15,000	15,000
Total	\$2,536,257	44 674 544
Liabilities:	\$2,330,231	\$2,672,837
Accts. pay., etc	\$132,839	\$509,160
Debt due	225.811	235.000
Accruais	69.442	87.549
Fed. income tax	. 00,442	29.422
mount was		47,744
Total current.	\$428,092	\$862,132
Notes payable	773.570	435.000
Deb. 5 %s. 1962	250.000	245.000
Com. stock (\$50)	427,400	414,600
Curmina	6 PT 10 F	

Surplus 657.195 716,105 Total \$2,536.257 \$203,885 Total \$2,336.257 \$2.672.337

Net current assets \$203,885 6 \$143,660

(I) As reported.

Accounts certified by Parrish & Hamaker

C.P.A.

Bank Loan: Under agreement dated Mar. 25, 1949 with Indiana National Bank, Indianapolis, company arranged to borrow \$225,000 at 41,4%, payable not less than \$72,000 annually; final maturity, 1954. Outstanding, Nov. 30, 1949, \$773,570.

SINKING FUND—Annually beginning Mar. 1, 1954, an amount equal to greater of \$10,000 or 10% of net earnings for preceding fiscal year. SECURITY—Not secured by any lien and subordinate to bank loan (see above).

Company covenants to maintain net current assets of at least \$250,000, and current ratio of at least 135 to 1.

PURPOSE—Issued in exchange for s. f. debenture 5s. due 1962.

Capital Stock: 1. Advance Paint Ce, comment per \$50:

Authorized. 9,000 shares; outstanding. 8,548 shares; par \$50.

shares; par \$30. Note: Company has an authorized issue of 1.500 shares \$50 par preferred; none outstanding.

AFFILIATED GAS EQUIPMENT. INC.

iNC.

History: Incorporated under Delaware laws
Aug. 7. 1948 to acquire assets of Bryant Heater Co., Day & Night Manufacturing Co. and
Payme Furnace Co., subsidiaries of Dreser
Industries, Inc.

Business: Company manufactures gas heating equipment, water heaters, water coolers
and air conditioners.

Properties: Owns in fee plants in Monrovia,
Cal.. Indianapolis. Ind. and Cleveland, O.,
with total floor space of 600,000 sq. ft. and
leases plants in Tyler, Texas, and Cleveland.
Ohio.

iesses plants in Tyler, Texas, and Cleveland.
Ohio.
Officers: L. C. Harvey, Pres. and Gen. Mgr.:
W. J. Bailey, Jr., Vice-Pres.: P. W. Scott, VicePres.. Sec. and Treat.: J. R. Russell. Cont.
Directors: L. C. Harvey, W. J. Bailey, Jr.,
M. J. Fortier, N. A. McKenna, F. H. Beam,
W. A. McAfee, A. L. Billingsley,
General Counsel: McAfee, Grossman. Taplin,
Hanning, Newcomer & Hazlett. Cleveland. O.
Annual Meeting: Second Monday in May,
No. of Stockholders: Dec. 31, 1949: Preferred. 2.200: common. 4,550.
No. of Employees: Dec. 31, 1949, 1,885.
Executive Offices: 17877 St. Clair Ave.,
Cleveland 10. Ohio.
Incentive Compensation Fund: Annually,
10% of net profits after state and Federal income taxes, payable as determined by directors.
Connelidated Income Account.

Consolidated Income Account, year ended

Dec. 31, 1949:	-
Dec. 31, 1343;	
Sales	330,900.48
Costs and expenses	27,562.21
Depreciation	496.00
General taxes	103.37
Geller at Payer	
Operating profit	2.738.89
Other income	129.05
Total income	2.867.95
	152.44
Interest	
Federal income taxes	1,050,00
Net income	1.665.50
Preferred dividends	109.42
Common distriction construction	877.87
Common dividends	
Earned surplus, Dec. 31	878,20
Earn., pfd. share (39,100 shs.)	\$42.6
Combined Sales and Earnings.	
	Ages awas
Oct. 31 (in \$):	

1949 with Indiana National Bank, Indianapo-	Oct. 31	(in 5):			
1345 With Inthana National Bank, Didianapo-		Net	Net	No. of	Earn.
lis, company arranged to borrow \$925,000 at					
414%, payable not less than \$72,000 annually:		Sales	Profit	Shares	on Com
final maturity, 1954. Outstanding, Nov. 30, 1949.	IT1949_	30,900,489	1.663.502	1,021.950	1.52
	1948	29.171.260	2.246.314	1.000.000	•
\$773,570.	1070				
Secured by mortgage on all properties (in-	1947	23.949.678	1,890,540	1.000.000	
cluding subsidiary stocks). Proceeds of loan	1946	17.570.759	637,728	1.000.000	
	1945	33.639.636	1.251.671		
and debentures (see below) to partially fi-					
nance improvement program. Bank loan has	1944	33,806,656	784.816		
priority over debenture 5s of 1962 (see below).	1943	37.411.099	869.910	*****	
Bonded Debt: 1. Advance Paint Co. sinking	1942	13.359.382	483.986		
freed debandance Plant (formance In) due total	1941	6.915.974	324.675		
fund debenture 51/2s (formerly 5s) due 1962:			315.716		
AUTHORIZED-\$250,000: outstanding, \$250,000.	1940	5,553,392		******	- 0-1"
MATURITY-Sept. 1, 1962.	TYE	ur ended D	ec. 31; pmo	or years t	0 OCT, 31.
INTEREST-M&SI at office of trustee (rate	Cons	olidated Ba	ilanco Shi	met as af	Dec. 31.
instanced as about the control of th					
increased, as above under supplemental in-					
denture dated Jan. 1, 1949). Principal and in-	Asset	351			i
terest payable in U.S. legal tender.	Cash				\$2.731.526
TRUSTEE-Indiana Trust Co., Indianapolis	Receive	ables, net .			3,622,243
		itories			7.147.124
(successor trustee),	TITITA AT				1,477,467
DENOMINATION-\$500 and \$1,000.		_		-	
CALLABLE—As a whole or in part on 30 days	Tot	al current		3	13.500.893
notice on any interest date to each Aug 31		bldgs, and			4.870.970
		iation			458,301
incl., as follows: 1952, 105; 1957, 103; thereafter					
prior to maturity, 101.		property			4,412,669
Also callable for sinking fund (which see).	Empl.	stock purch	hase		141.600

ishceivables, net	\$2.731.5 3.622.2 7,147,1
Total current	\$13.500.8 4,870.9 458.3

Denosits and receivables Deferred charges	Dec. 31,49 97,080 441,995
TotalLiabilities:	\$18.594.237
Notes payable	\$200,000
Accounts payable, etc.	2.378.869
Dividend payable	150.639
Federal income taxes	1.050.000
Total current	\$3,779,508
Notes payable	3,800.000
\$3 pfd. stock (\$50)	2.000.000
Common stock (\$1)	1.021.950
Paid-in surplus	7.157.850
Earned surplus	878.204
Total	11,057,804
TReacquired stock	43.075
Net stock and surplus	11.014.729

\$18,594,237 \$9,721,385 Total Silvet current assets SimAt lower of standard cost or mark 17900 preferred shares at cost.
Accounts certified, Ernst & Ernst. Total .

in 1900 preferred shares at cost.
Accounts certified Ernst & Ernst.
Term Leans: Outstanding, Feb. 15, 1950, 54, 900,000 (including \$1,100,000 obtained in Feb., 1950); retired, \$200,000. Dated Jan. 18, 1948, due Feb. 1, 1944, interest 47, per annum, payable Feb. 1, 1944, interest 47, per annum, payable Insurance Co., Penn Mutual Life Insurance Co. Original loan payable \$200,000 each Feb. 1, beginning 1950, plus 10%, of net income after taxes for preceding fiscal year payable each Apr. 15, beginning 1951. Notes are not secured. Company may not pay any cash dividend on or acquire any capital stock if such disbursements exceed the sum of (a) net income and proceeds of sale of capital stock after Oct. 31, 1948 (except initial financing), and (b) \$520,000. Company is to maintain excess of current assets over current liabilities at least greater of \$4,000,000 or 150% of total debt (as defined).

Capital \$tock: 1. Affiliated Gas Equipment, inc. 32 cumulative preferred; per \$50; AUTHORIZED—40,000 shares; outstanding, Dec. 31, 1949, 39,100 shares; in treasury, 900 shares: par \$50.

PREFFERNCES—Has preference for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends of \$3 per ahare annually, payable quarterly, Mar. 20, etc. to stock of record about Mar. 1, etc.

DIVIDEND LIMITATION—See Term Loan, above.

DIVIDEND RESTRICTION—Company may

DIVIDEND LIMITATION—See Term Loan, above.
DIVIDEND RESTRICTION—Company may not pay any cash dividend on or acquire junior stock if such disbursements exceed sum of (a) consolidated net income subsequent to Feb. 1. 1949 after deducting preferred dividend and sinking fund requirements. (b) \$300,000 and (c) proceeds of any junior stock plus consolidated surplus is less than 125%, of sum of consolidated surplus is less than 125%, of sum of consolidated funded debt and involuntary liquidation value of preferred, and stock of equal or superior rank, computed on next preceding June 30 or Dec. 31.
VOTING RIGHTS—Has no voting power unless dividends for one year are in arrears, when preferred voting as a class has right to elect one-third of, but not less than two, directors.

rectors.

consent of 66 2/3% of preferred necessary to oct. 31.

Doc. 31.

D

LIQUIDATION RIGHTS—In liquidation en-titled to \$50 per share if involuntary, and optional call price if voluntary, plus divi-dends.

working capital.

Stock Purchase Warrants: Each certificate for \$3 preferred bears non-detachable warrant entitling holder to purchase, in whole and not in part, one common share at \$11.25 per share for each preferred share, void after Jan. 15, 1954 or redemption date. Warrants protected against dilution. New York Trust Co., New York warrant agent.

Stock Purchase Plan: Company has reserved 25,000 common shares for sale to officers, directors or employees, at \$8 per share on 10-year installment purchase contracts. Purchased to Dec. 31, 1949, 17,700 shares.

ALBERS SUPER MARKETS, INC

MISERS SUPER MARKETS, INC,

Mistory: Incorporated in Ohio Sept. 21, 1933.

Business: Operates 51 stores in Cincinnati,
Columbus, Dayton and other Ohio and Kentucky cities.

Officers: W. H. Albers, Pres.; A. J. Long, Jr.,
Exec. Vice-Pres. and Treas.; C. R. Reeves, Sec.
and Asst. Treas.

Directors: W. H. Albers, A. J. Long, Jr., C. R.
Reeves, P. E. Bruce, J. E. Cambria, J. C. Dempsey, M. A. White.
Annual Meeting: Fourth Wednesday in Feb.
No. of Stockholders: Dec. 3, 1948, 1,755 (including 540 part time).

General Office: 266 W. Mitchell Ave., Winton
Place. Cincinnati 32, Ohio.

Income Account: 52 wks. to 52 wks. to

racema wecomus:	97 MKE (0	BZ WKS. TO
	Dec. 31, 49	Jan. 1.'49
Net sales	847.035.170	\$45,699,364
Cost of sales		
Cost of saies	39,921,056	39,291,812
General, etc., exp.	5, 322.555	4.625.783
Depreciation	235,727	181.994
Operating profit	1.555.833	1.599.775
Other income, net		
	19,379	10,108
Total income	1,575,212	1.609.883
Interest, net	24.747	29.059
Fed. income tax	592,500	600.000
Net profit	957.965	
	201,203	980,824
Invent., etc. res	*****	100.000
Balance	957.965	880.824
Prev. earn. surp	2.152.861	1.517.109
Preferred divs	49.782	49.782
Common divs.		
	,232,354	154,902
Pr. yr. depr. adj	*****	er 26.390
Pr. yr. inc. tax		66,778
Earned surplus	2.828.690	2,152.861
Earn., pfd. share.	\$115.46	\$118.21
No. of pid. shares.	8.297	8,297
DExcludes amorti	zation of lea	sehold im-
provements.		
Be - 1		

LIQUIDATION RIGHTS In liquidation en-	Salas and Earning	s. venrs to Dec.	24 (in e).	No. of
	Sales and Earning Net	Net No. of	Earn.	Gener
optional call price if voluntary, plus divi-	Sales	Profit Share	on Com.	
dends.	1040 47 026 270			Detroit
PREEMPTIVE RIGHTS-None.	1949 47,036,170	957.965 309.80		jucom
PAREMITIVE RIGHTS-None.	11948. 45.699.364	880.824 309.80		
CALLABLE—As a whole or in part on at least	1947 40,000,506	807.509 309.80	7 2.45	Net sale
30 days notice at any time to each Jan. 15	[]53 weeks.			Cost of
incl., as follows (\$ per share plus dividends): 1953, 53; 1958, 5214; thereafter 5114. Stock so	Balance Sheet:			Selling.
1953, 53: 1958 5214: thereafter 5114 Stock on	Assets:	Dec. 31.'49	Jan. 1,'49	Operatir
acquired may not be reissued.	Carb.			
Also callable for circles fund (which are)	Cash	\$609.836	\$436.828	Other in
Also callable for sinking fund (which see)	Accts. receivable.	227,252	197,159	Total in
at special redemption prices to each Jan. 13	Illinventories	3.916.099	3.831.536	Interest
incl., as follows (\$ per share plus dividends): 1953, 51%; 1958, 51%; thereafter, 51%. SINKING FUND—Annually and cumulative.				Loss equ
1953, 5134: 1958, 5134: thereafter, 5134	Total current.	\$4,753,188	\$4.465.523	Fed. inc
SINKING FIRE Annually and completing	Land, bldgs., etc	3.737.098	2.704.800	
3 1/39 of total change temped by prinches	Department of		2.704.000	State in
3 1/3% of total shares issued, by purchase or	Depreciation	1,048.330	862.015 1.842.785	Pr. vr. i
call. Company may anticipate future require-	Net property	2.688.767	1,842,785	((Net in
ments.	Lease impr., net	467.816	514.468	Earn. su
LISTED—On New York Stock Exchange.	Life ins., cash val.	122.850	110.231	Common
TAX STATUS—Company will reimburse	Investment, cost	15.000	15.000	Earn. su
Pennsylvania personal property tax not ex-	Other assets	31.195	30.481	mAfte
ceeding eight mills on taxable value.			30.101	
ceeding eight mais on taxable value.	Sup. & exp. matl.	118.672	147.386	32 69.269;
Purpose-Proceeds of preferred, common	Prepayments	105.582	121.390	Sales :
and 4% note mancing to acquire assets of	Deferred charges.	27.349	121.390 5.387	
Bryant Heater Co., Day & Night Manufactur-	-			
PURPOSE—Proceeds of preferred, common and 4% note financing to acquire assets of Bryant Reater Co. Day & Night Manufacturing Co. and Payne Furnace Co., for capital	Total	3 8.330.420	\$7,252,653	
expenditures and working capital.	Liabilities:	40,000.000	4.1246,440	1949
TRANSFER AGENT-New York Trust Co.,	Notes payable	\$307,100	9414 888	1948
	Actes payable	2201,100	\$414.000 1,110.348	1947
New York.	Accounts payable	1,071.723	1,110,348	1946
REGISTRAR—Bankers Trust Co., New York.	Dividends payable	13.860	13,263	1945
OFFERED-40.000 shares \$3 cumulative pre-	Accrd. taxes, etc	236.268	103,477 814,793	1840
ferred (par \$50) with non-detachable common	Fed income tax	613,170	814.703	1844
stock warrants, and 1,000,000 common shares	Mortgage pay		2,000	1944
	MONIENSE DES		2,000	194Z
(par \$1) offered at \$50 per unit of one pre-			22 222 222	1941
ferred share and warrant to purchase one	Total current.	\$2,342,119	\$2,257,882	1940
common share, and at 59,25 per common share	Notes payable	892,900	543.500	
(proceeds to company \$46.75 and \$8 respec-	Mortgage pay		\$43.500 32.700 502.390	Baland
tively) on Jan. 13, 1949 by a syndicate headed	Invent., etc., res	502,390	R02 390	Assets
			4 376	Cath
by Reynolds & Co., New York,	Other reserve	5.373	4.372	Cash U. S. Tr
PRICE RANGE—1949, 51¼-46.	6%_pfd. stk. (\$100)	829.700	829.700	O. O. 11
2. Affiliated Gas Equipment, Inc. common;	TCommon stock.	309.807	309.807	[Invent
mar \$1:	Paid-in surplus	619,441	619.441	Receival
ATTENDO	Earned surplus	2.828.690	2.152.861	
AUTHORIZED-2.000.000 shares; outstanding, Mar. 23. 1950. 1.221.950 shares; reserved for				Tota
Mar. 23, 1950. 1,221.950 shares; reserved for	Maks1	\$3,330,420	\$7,252,653	Bldgs. &
WAITANIS, 40.000 Shares: reserved for stock	Total			Deprecia
Durchase bian 7300 shares nor 51	Net current assets	\$2.411.069	\$2,207.641	
DIVIDEND RECORD—Initial dividend of 2234	MAt cost not in e	wasses of marks	•	_ Net bl
DIVIDEND RECORD—Initial dividend of 2239				Land
cents paid Apr. 1, 1949, July 25 and Nov. 1, 1949, and Feb. 1, 1950, 15 cents.	(3)309.807 no par sh	Martin	4 6-11	Lishold.
1949, and Feb. 1, 1950, 15 cents.	Accounts certified	. Datoitta, Pier	GET, GIH-	Life ins.
DIVIDEND LIMITATION - See preferred	fiths & Co.			Misc. re
stock and Term Loan, above.	Long-Term Debt:	Custotending To	M 91 1040	
VOTING RIGHTS-Has one vote per share.				Deferre
with might to assess the same for the same	S892,900 note due Ja	iur I' 1891' bele	DIE 232'100	
with right to cumulative voting for directors.	quarterly.			Tota
PREEMPTIVE RIGHTS-None.	Capital Stock: 1. A	Iben Suner Me	abala las	Liabil
LISTED-On New York Stock Exchange.			Luden suce	Acets. D
TRANSFER AGENT-New York Trust Co	6% cumulative prefe	strad! her ston!		Notes d
New York.	AUTHORIZED-15.0			
REGISTRAR-Bankers Trust Co., New York.	9.000 shares Nov. 20.	1941. and from 6	.000 shares	Income
AEGISTRAL BETTERS Trust Co., New 1018.	Mar. 12, 1940): out	standing, 8.297	shares: in	
OFFERED-See preferred, above.	tressury, 21 shares:	ner \$100		Tota
PRICE RANGE—1949, 1114-5%.	DIVIDEND RIGHTS	Todal 40		Lg. tern
(200,000 shares) at \$10.65 to small group of	DIAIDPIND VIOLETS	EURTER IO	THIND TO A	Com. st
/warrang purete are since to suren Elonb OI	dividends of \$6 per	Bumine Buningii	, prvable	
investment trusts and private investors in	quarterly Jan. 1, etc	e., to stockhold:	TE OF TOC-	Capital
Feb., 1950. Issued (together with \$1,100,000	ord about Dec. 27, et	e.		Earned
loan, see above) for expansion and additional	DIVIDENDS PAID-		nde naid	_
working capital.	TRANSFER AGEN	T_Tiret Nation	101 100	Tota
		T-ETTEL MENO	·er toenty	Net cur
Stock Purchase Warrants: Each certificate	Cincinnati.			DAt
for \$3 preferred bears non-detachable war-	2. Albers Super N	larkets inc. co	mmen: ne	market

Long-Term Debt: Outstanding. Dec. 31. 1949. Deferred charges. 8892,909 note due Jan. 1, 1957, payable \$35,700 quarterly.

2. Albers Super Markets, Inc. common; no

Par:
AUTHORIZED—350.000 shares; outstanding, 309.807 shares; no par.
DIVIDENDS PAID—(Since 1942):
1842—43 30.20 1944—45 80.10 1946... 80.20 1947... 0.40 1948... 0.75

TTO Mar. 23.
TRANSFER AGENT AND REGISTRAR-First National Bank, Cincinnati.

ALLEN INDUSTRIES, INC.

History: Incorporated in Delaware May 31, 1927, to acquire capital stocks and assets of Detroit Bedding Co. (incorporated in Michigan in 1915) and Detroit Bedding Co. (incorporated in Ohio in 1925).

In 1934 company acquired Plymouth Felt Products. Inc., which company was dissolved on Jan. 3, 1935, all of its properties and interests being conveyed to Allen Industries, Inc.

Inc.

Business: Principally engaged in manufacture and sale of cotton, felt and jute fibre products for use in automobile upholstering and body construction, and of rug and earnet cushions and linings for domestic and general

and body construction, and of rug and carpet cushions and linings for domestic and general use.

In 1839, company introduced "Sky-tex"—cotton encased in latex—which is used principally by the sutomotive industry and to some extent by the mattress and furniture upholstery trades.

Company also makes thermal and acoustical hair and jute products.

Preserty: Owns and operates 2 plants in Detroit and one plant in Plymouth, Mich. Also operates a plant in St. Louis, Mo., leased in 1946.

In 1948, company completed a \$1,000,000 plant at Rahway, N. J. on a tract of 29 acres. Total floor area of plants: Owned, 487,150 ac, ft.: leased, 35,000 sq. ft.

Owners: S. J. Allen, Chairman and Pres.: J. J. Tobias, Vice-Pres. and Gen. Mgr.; H. C. Allen, R. G. Olson, David Schimmel, Vice-Pres.; M. L. Abrahams, Sec. and Treas.

Directors: S. J. Allen, J. J. Tobias, R. G. Olson, H. C. Allen, M. L. Abrahams, E. Kaufman, O. A. Markus.

General Counsel: Freud, Markus, Gilbert & Lubbers, Detroit, Mich.

Annual Meeting: Third Monday in April. No. of Stockholders: Dec. 31, 1948, 1,500.

Gene	raf Office: 1	reignd Av	enue at G	. T. R. B
Detroit	7. Mich.			
Incor	ne Accoun	t. years e	nded De	د 11:
			49	1948
Net sa	les			27.174.812
Cost of	sales	21 6	20.540	23.736.106
Selling	etc. exp	1 5	1.490	1.516.492
	ing profit		69.869	1.922.215
Other	ncome		400	7.253
	ncome		70.269	1.929.467
Interes			36.654	40.005
	uip sold		9.456	2.218
Ecas ec	come tax		5.000	725.000
			2.000	3.500
	ncome tax.		4.076	CT 21.205
	inc. tax			1.179.950
	ncome	. 1.00	3.082	
	urpļus, 1-1.		14.648	3.060.219
	n divs		9.400	335.520
	urp. 12-31.		8.331	3.904.648
	er depreci		amoruzai	1011: 1949,
); 1948. \$2 32			
Sales	and Kerni	ngs, years	to Dec.	31 (in 5):
	Net	Net	No. of	Earn.
	Sales	Income	Shares	on Com.
1949	24.794.899	1,003.082	559.200	1.79
1948	27,174.812	1.179.950	559.200	2.11
1947	23.353.059	1,201.061	559,200	2.15
1946	14.300.195	742.848	279,600	2.66
1945	5.897.304	205.425	271,200	0.76
1944	6.876.033	395.944	262.800	1.51
1943	5,466,537	371.913	262,800	1.41
1942	7.324.421	374.059	262.800	1.42
1941	9.699.446	436,773	262,800	1.66

No. of Employees: Dec. 31, 1949, 1,800.

1948	27,174.512	1.179.950	559.200	Z.11
1947	23.353.059	1.201.061	559.200	2.15
1946	14.300.195	742.848	279,600	2.66
1945	5.897.304	205.425	271,200	0.76
1944	6.876.033	395.944	262,800	1.51
1943	5.466.537	371.913	262,800	1.41
1942	7.324.421	374.059	262.800	1.42
1941	9.699.446	436,773	262,800	1.66
1940		590.752	271.200	2.18
	ce Sheet. I	a of Dag		
			9	1948
Cash	l: 	\$1.435		\$1,260,183
	reas, notes		400	
	tories	1.909		2,370.298
	bles. net	1.277		1.122.539
MECGIAN	Dres. Where	4,411		1,154,007
Tota	d current.	\$5,123	.059	\$4,753,020
	k equip.			5.230.655
	ation	1.409		1.215.003
	ldgs. etc.			4.015.653
			.315	193.842
Lehold	impr., net		.844	26.482
	cash val.		429	34.638
	eceiv. etc.		745	19.898
	d charges.	178	707	
Theres 1 is	C CHAILERS.	710	,,,,,,	230,030

Total	\$9,625,870	\$9,193,589
Liabilities: Accts. pay., etc Notes due Income taxes	\$1,332,666 192,500 601,528	\$1,138.172 192.500 737,423
Total current. Lg. term note pay. Com. stock (\$1) Capital surplus Earned surplus	\$2.126.694 1.110.000 559.200 1.341.645 4.488,331	\$2.068.095 1.320.000 559.200 1.341.645 3,904.648
Trate!	90 825 970	89 193 589

Total \$9.625.870 \$9.193.589
Net current assets \$2.996.365 \$2.684.925
(IIAt lower of cost (first-in, first-out) or
market, raw materials on lest-in, first-out basis.
Accounts certified by Ernst & Ernst.

Bank Lean; Outstanding, Dec. 31, 1949, \$1,-302,500. Held by Bank of the Manhattan Co., New York.

302.500. Held by Bank or the Management New York.

Dated Aug. 1, 1945. Due monthly, beginning Sept. 1, 1945, \$7,500 to July 1, 1947 and \$17,500 thereafter, plus interest; balance payable Aug. 1, 1935.

Company agrees to maintain net current assets of not less than \$1,372,500 less aggregate amount of original notes issued under loan agreement of July 30, 1945, repaid or prepaid after Dec. 31, 1946, or \$1,000,000, whichever sum is the greater.

Capital Steck: 1. Allen industries, inc. cem-

Capital Stock: 1. Allen industries, inc. commen: par \$1:
AUTHORIZED—1,000,000 shares (increased from 100,000 shares to 500,000 shares Dec. 18.
1935: increased to 1,000,000 shares Oct. 15. 1947, by 100% stock dividend; outstanding. 559,200 shares; par \$1 (changed from no par Dec. 18.
1935 when three \$1 par shares were issued for each no par share).

each no par share).
DIVIDENDS PAID—
On no par shares:
1927... \$0.25 | 1928... \$1.60 |
1938... 1.50 |
On \$1 par shares:
1936... 4.75 | 1937... 4.00 |
1939... 1.00 | 1940... 1.50 |
1942-45 0.75 | 1946-47 | 11.00 |
1949... 0.75 | [1950... 0.15 ND 1929-34 1.00 1941---49 ... 0.75 191950 ... 0.15 19247 before 100% stock divi-

dend.
[BTo Mar. 25.
OFFERED—(9.000 shares) in May, 1928, by
Otis & Co., Cleveland, O. Offered (39,600
shares) in Jan., 1936, by F. Eberstadt & Co.,
Inc., New York.
THANSFER AGENT—Bank of the Manhattan
Co., New York.
REGISTRAR—Guaranty Trust Co., New York.
LISTED—On New York Stock Exchange.

DRICE RANGE—1949—1948—1947—1946—1945.

		10001	_ ~
Directors (revised): ser, J. J. Kelly, B. C. S J. J. Minta, W. Pavise	R. E. Kelly, C schaefer, W. A	. W. Queis- . Queisser,	Ac Un
AFEII IATEN CAC	CALLDMENT	INC	Mt
and revised provisions	of \$4.900,000 t	term loans.	Mt De
83. plus (until \$2,530,0 provision), on each A	00 paid pursu pr. 15, 10% of	ant to this	Ai Co Co
after taxes for preced Company may not	ing fiscal year pay cash div	r. vidends on	Co Pa
Term Leans—Revisand revised propayments: 53. plus (until \$2,550.0 provision), on each Aj after taxes for preced Company may not any stock in excess 631, 1949 plus \$620,000, transactions.	of net income adjusted for	after Dec. any stock	Op Op
transactions. Stock Listed: On M AIRLINE FOODS C	lidwest Stock		Ne
Acquisitions: In Machased Wheeler-Bart	urch 1950, com	pany, pur-	ke
makes preserves and	n Focus, inc.	Company	AL
In May 1950, comp Shufeldt & Co., Inc., National Distillers F with Shufeldt's Crow	any acquired Peorla, a su	Henry H.	Sa
with Shufeldt's Crow vision.	n Fruit and	Extract di-	Fe
AIRPLANE & MAR Earnings, years end		JM., INC.	Co
Gross profit	1949 \$172.812	1948 \$133,272	G
Sell., etc., exp Oper. profit Other income Total income Pats., etc., wroff Toth. deductions	86,166 86,646	76,917 56 ,354	ŢO
Total income	6,596 93,242 12,344	3,904 60,258 12,344	Fe In
	28.099 52,799 155,380	39.839 8,075	Di
Earn. def., 1-1 Tax adjust., net. Post-war ref. adj. Patent, etc., adj.	155,380 3,444	151,099	Pr
Post-war ref. adj. Patent, etc., adj. Interest adj.	cr 3,005	40.806. cr 24.640	Ea
Inc. tax prov.	20,064 123,083	cr 5.557 (4)1.757 155,380	No
Earned per share No. of shares	\$0.25 207.529	[2]\$0.04 207,529	etc
Thefore income tar Dincludes loss fro broadcast station: 194	X 88.		•
@For 1948.		, \$23,26I.	MI
Exiance Sheet, as of Assets:	1048	1948	Ca Du Ta
Cash Accounts receiv Inventories	\$91.657 42,772 50,684	\$56.829 49.016 99.633	Re
Prepayments	3,550	99.633 8.137 555	
Total current.	\$188,664 854,268	\$214.170	Σe
Land, bldgs., etc Depreciation Net property	188.944 665.323 175,140	\$214,170 874,649 178,547 696,102	[2] }
Patents, etc., net.		187,484	In:
Liabilities:	\$1,029,127	\$1,097,756	1
Notes payable Accounts payable Empl. pay. deduct.	\$14,358 20,064	\$50.000 62.823 280	Ac
Accrued tax., etc	20.064 18,342	28,101	Fe
Total current. Pr. yr. inc. tax Inc. tax int. res	\$52,764 21,750 32,069	\$141.203 36.306	Co
Com. stock (\$1) Earned deficit	207.529 123.083	30.000 207.529 155.280	Ea
Capital surplus	838,098	838.098	Ne
Total Net current assets Accounts certified b	\$1,029,127 \$135,899 W Baumsarte	\$1,097,756 \$72,967	
ALASKA AIRLINES,	INC.		de:
Oper. revenue:	1949 \$373,471	1948	
Passenger Mail	489 027	\$436.904 375.719 2.719.934	AL
Total oper. rev	3.640.550 4.503.047 5.731.216 £ 1,228.169	3,532,558 3, 367,461	Re
Oper. expenses Operating profit Other deduct., net	6 1,228,159 94,397	103.097	Ma Ex
Prev. earn. def	94,397 4 1,322,566 1,217,291	152,439 1,663,097	AL
Contingency res []Credits Earn. def., 12-31	598.422 1,941.435	393,367 1,217,291	(re
Earn., com. share No. of com. shares	4 \$2.21 597,938	100,000 393,367 1,217,291 \$0,25 597,153	194 194
TRetroactive mail periods.		e to prior	194 194 194
Balance Sheet, as e	1949	1948	194 194
Cash Receivables, net. Illuventories	\$94,450 720,730 512,291	\$151,875 953,402 547,384	194 194
Total current.	\$1,327,471	\$1.652.662	194 AL
Land, bldgs., etc. Depreciation	2,756,106 1,252,558	2,654.361 845.194	ÇOI
Net property Construction Investments	1,503,547 29,249	1,809.167 48,171 8,281	An
Deferred charges.	172,444	250,218	AN
Total Liabilities:	\$3,032,712	\$3,768,499	31/6
Notes payable Accts. pay., etc Advances pay	\$35,000 749,921 182,564	\$25.000 678,220 363,500	Loi exi

Liabilities (cont'd)	1949 293,784	1948 214,375
Accruals, etc Unearn, revenue. Mige. payable	5.000 35.000	214,313
Total current	\$1,301.270 36.000	\$1,281,295
Mige. payable Deferred income Aircraft reserve	86.000	8.164 146.240
Contingency res Common stk. (\$1) Paid-in surplus Don. & cap. aurp. Oper. deficit	100.000 597 938	100.000 597.153
Paid-in surplus Don. & cap, surp.	2,692.180 160.789	2.692,180 160,789 1,217,291
TOTAL TANADA	1,941.435	\$3.768,499
Net current assets [IOn general basis]	\$3,032,712 \$26,201 of lower of co	\$371,367
ket. Accounts certified.		
ALASKA PACKERS Production, years		
Salmon (cases)	1950 300.575	1949 518,474
Consolidated Incon Feb. 28;	ne Account, y 1950	rears ended
Ost & oper, exp.	\$8.389.900 7,830,640	\$13.953,314 10,139.640 296,672
Selling, etc., exp Net earnings Gain assets sold	802,236 4 242,976 35,976	2,952.002 233.320
Other income, net Total income	149,686 d 57,314	96,658 3 281 980
Invest, adjust Fed, income tax	CT 30,448	96,658 3,281,980 23,274 1,215,000
Prev. earn. surpl.	2,134 9,215,723	1.215.000 2,043.706 7.346.206
Dividends Prop. acct. adj Pr. yr. inc. tax	2,134 9,215,723 425,207 cr 330,796 31,221	532,055 er 304,753
Pr. yr. inc. tax	31,221 9,250 9,082,975	er 100.323 47,210
Beacg, stock 2-28 Earlies hare No. of shares	\$0.04	532,055 er 304,753 er 100,323 47,210 9,215,723 538,41
Includes revenue		fage, tolls,
Shares: 1950. 74; 1 MAfter deprec.: 195	949, 370. 10, \$530,208; 18	49. \$489,617.
Consolidated Malani Assets:	es Ebset su s	f Feb. 25:
Mkt. securities Cash	1950 \$338,749 3,591,783 257,702 29,000 76,613	\$322.196 545.177
Due from Cal. Pk. Tax claim Rec. U. S. Govt Oth. receiv., net	257.702 29.000	100.323
Oth. receiv., net USalmon invent	479.948 942.227	727.153 842.864
Materials, etc Deferred charges.	479.948 942.377 1.475.730 704.805	1949 \$322.196 545.177 4.771.729 100.323 568.780 727.133 543.864 1.509.196 779.697
Total current.		
Plts., term., etc. Investments	\$7.896.507 7,642.534 93.600	\$9,868.115 7,181.333 78.000
Mige. receiv., etc.	93.600 243,385	178,408
Liabilities:	\$15.876.026	\$17,303.856
Accounts payable Accid. wages, etc.	\$304,973 63,078 173,427	\$399.229 85.762 171.868
Accrued taxes Fed. inc. tax res	173.427 150,873	1,332,474
Total current. Contingency res	\$692,251 350,000	\$1,989,333
Capital stock Earned surplus	350.000 5. 750.800 9. 082,975	350.000 5,730.800 9,215,723
Total	\$15.876.026	\$17.305.856
Met current assets TAt lower of cost of the thick book value	\$7,204,256 r market.	\$7,578.782 cost less
depreciation). []Represented by \$		
129; 1949, 53,203. Accounts certified.		
ALL AMERICAN A		IC.
Statistics, years end Rev. miles flown	1949 2,044,949	1948
Mail, lb. miles Express, lb. miles	91,078,000 80,164,000	1.727,159 75.817,218 66,943,923
ALLIED PAPER M		
Sales and Earnings (revised): Net	Not No.	e. 31 (in S)
Year Sales I 1949 12.725.428	ncome Share 300,729 173.8 500,325 173.8 915.924 173.8 372,735 173.8 435,522 173.8	es on Com. 126 1.34 126 2.49
1949 12.725.428 1948 13.785,094 1947 17.551.573 1. 1946 13.265.740 1.	915.924 173.8 372.735 173.8	26 2.49 326 10.63 326 7.51 326 2.07
1242 2.202.001	435.522 173.8 417.842 173.8	26 2.07 127 2.01
1943 8.799.892	435.020 173.8	28 2.10
1941 9.200.000	435,283 173,8 497,229 173,8 340,588 173,8	28 2.30
ALUMINUM CO. O	F AMERICA	
Subsidiary Absorbe company assumed ma	nufacturing a	ictivities of
American Magnesiur which became inactiv		
AMERICAN AIR FI	LIEK UU., I	ITU.

Term Lean: Outstanding, May 11, 1950, \$1, 200,000. Proceeds to retire outstanding loans and for construction.

Due \$100,000 each May 1, 1951-62, with interest at 3% per annum on \$400,000 of loan, remainder at 3½%. Prepayable as a whole, or in part in inverse order of respective notes, at 102¼ to Apr. 30, 1951, premium decreasing annually to par after Apr. 30, 1961.

Notes are not secured but loan agreement limits other debt. Company may not pay cash dividends on or acquire any stock unless thereafter such disbursements (plus repayment of notes) do not exceed consolidated net income after Oct. 31, 1949 plus \$500,000; and company agrees to maintain net current assets of at least \$2,000,000. AMERICAN BANK NOTE CO.

Revised Data: In Consolidated Income Account, year ended Dec. 31. 1949, cost of sales should be \$12.229.079: manufacturing profits, \$6.493.321; selling general and administrative expense. \$1.621.754.

Under Financial & Operating Data. Statistical Record. earned per share common should be \$2.64 in 1949; under Analysis of Operations in 1949, cost of sales should be \$5.30% and selling, general and administrative expense, 8.66%. AMERICAN BANK NOTE CO. AMERICAN BEVERAGE CORP.

Preferred Exchange Offer: In January, 1950, holders of S5 par S0.20 cum. preferred stock were offered an exchange of one share of \$1 par \$0.20 cum. prior preferred and one share of \$1 par common stock for each share of S5 par preferred and accrued dividends thereon. Exchange offer expired March 1, 1950.

Capital Reduction Approved: On Feb. 17, 1950. stockholders voted to reduce authorized capital atock from 1.550,267 shares, consisting of 59,267 \$1 par prior preferred, 500,000 \$5 par preferred and 1.000,000 \$1 par common shares. to 308.552 shares to consist of 50,267 \$1 par prior preferred, 8,325 \$3 par preferred, and 250,000 \$1 par common shares. There are 227,227 shares issued.

AMERICAN EROADCASTING CO., INC. AMERICAN BEVERAGE CORP. AMERICAN BROADCASTING CO., INC. Subsidiary—Name Change; ABC Television Center Co., Inc. (formerly Vandolmar Theatre Center Co., Inc. (formerly Vandolmar Theatre Corp.).

Grodit Agreement Late in 1949 company effected a credit agreement with New York Trust Co. which provides for loans until Mar. 1. 1951 up to \$2.500,000 in multiples of \$550,000, payable \$500,000 per annum beginning Nov. 1. 1951. In event company should borrow under this agreement, holder of 4% notes has agreed to defer payments until May 1, 1960.

AMERICAN CAR & FOUNDRY CO. New Secretary: C. A. Fee has succeeded H. C. Wick, retired. Officers (revised): L. H. Smith, Chairman; W. F. Labhart, Vice Chairman; P. R. Oliver, Pres.: G. W. McLatchey. Vice Pres. and Treas.; J. H. DeCoursey, L. C. Smith, Vice Pres.; W. H.

Lawrence.

Lawrence.

AMERICAN FACTORS, LTD.

Deb. 334s. 1963—Description: Following are details of \$7.000.000 14-year sinking fund debenture 334s due 1963 (see page 1658):

Dus July 1, 1963. Callable as a whole or in part at any time to June 20, 1950 at 10334, premium decreasing annually to 1004s after June 20, 1952. Sinking fund \$360.000 annually May 1, plus 25% of net reduction of debt (or dividends) received from Olas Sugar Co., Ltd., and net proceeds from sale of certain assets and investments.

Debentures are not secured but indenture limits other debt. Company may not pay cash dividencis on any stock in excess of consolidated net income (as defined) for preceding year: and company agrees to maintain consolidated net current assets at least greater of \$5,000.000 or outstanding long term debt.

AMERICAN HYDRAULICS, INC.

AMERICAN HYDRAULICS, INC.

· =	1949	1948
Net sales	\$304,484	\$470.467
Cost of sales	539,618	
Seiling, etc., exp.	131.030	
Depreciation	27.481	29,280
Operating loss	193,645	
Other deduct, net	5.582	3,295
Fed. income tax	cr 54,733	cr 56.800
TExtracrd. deduct.	43,154	******
Net loss	187,648	
Earn. surp., 1-1	109.323	210.433
Dividends		18.000
Tfr. fr. appr. surp.	4.070	
T Debits	11.031	3,
Earn. surp., 12-31	d 84.687	109.923
Partit. Surp., 12-51.	\$0.63	
Earned per share		
Number of shares	300.000	
重Writ⊷off of all ex		incurred te-
lating to abandoned		
ZGoodwill written	off.	
Balance Sheet, as of	Dec. 31:	
Assets:	1949	1948
A	91 000	P10 202

ASSELS:
Cash

Note Financing: On May 2, 1950, company U. S. Govt. secur.
announced that it had sold \$800.000 12-year Receivables, net
316% notes to Mutual Life Insurance Co. of Fed. inc. tax refd.
New York, and \$400,000 5-year 3% notes to
678,220 Louisville Trust Co. Proceeds used to retire
assignment of the construction.

ASSELS:
Cash

Cash

Cash

Cash

Cash

Total Cash

Tot \$10,227 \$4,702 24,594 \$1,890 20.304 54.732 408,010 283.385

MOODY'S MANUAL OF INVESTMENTS

AMERICAN AND FOREIGN

INDUSTRIAL SECURITIES

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1951

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65 BROADWAY, NEW YORK 6, N. Y.

BOSTON

PITTSBURGH SAN FRANCISCO

1411 Walnut St. 75 Federal St. 105 W. Adams St. Hollingsworth Bldg. Union Trust Bldk.

LONDON: MOODY'S INVESTORS SERVICE, LTD.

		OUDI
MNo par shares: 195 -Accounts certified.	0. 56.483; 194 Patterson.	19, 56,493. Teele & N
Dennis. Long Term Debt: Outs \$800.000 serial notes pa		D
\$800,000 serial notes pa stallments to Mar. 31, 1 reported.	955. No furth	ar decembe
Capital Stock: L V	Vernsutta Mi	A
AUTHORIZED—200,000 Mar. 16, 1951 198,000 sh from \$100 par to no pa for share; no par share	snares: out ares: no par ir Nov. 26. 19	(changed F
19301.	s split 3 for	Nov. 13,
On 5100 par shares: 1907\$11.00 1908-16	PE 00 1917	. \$12.00 P - 18.00 P - 18.00 P - 5.00 T - 5.00 T
1918 15.50 1919 1719 1719 1719 1719 1719 1719 171	10.00 1920 6.00 1926	18.00 E
On no per shares:	2.00 1929	- 00
	6.00 TT 1948	3.50
On no par snares (s	fter 3-for-1 s 110.25	pUt): N
[HAlso paid stock div. 2%: 1951. 10%.	dends: 1922, : : each 15 shi	
TTO Mar. 16. TRANSFER AND DIV	IDEND DISI	BURSING \$
AGENT—First National	1 Bank, New	Beatora.
REGISTRAR—Safe De New Bedford. PRICE RANGE—T1950	1949 1948	1947 1946
High23	45 8434 30 44	7914 9214 s 50 68 s
TAfter stock split; b		y
INC. History: Incorporated	under Delay	ware laws
Aug. 7, 1948 to acquire er Co., Day & Night A Payne Furnace Co., a	assets of Bry	will mear. "
Industries, Inc.		ess best.
ing equipment, water and air conditioners. Properties: Owns in: Cal Indianapolis. In with total floor space leases plants in Tyler, Ohio.	heaters, wate	occiers
Cal. Indianapolis. In with total floor space	i and Cleve	eland, O. I
leases plants in Tyler, Ohio.	Texas, and (Sen. Mgr.;
W. J. Bailey, Jr., Vice-I	r, Pres. and Cres.; P. W. Script	en. Mgr.; leott. Vice- a ell. Cont.; l
Officers: L. C. Harve; W. J. Bailey, Jr., Vice-I Pres., Sec. and Treas, J. A. Hughes, Vice-Pr Directors: L. C. Har M. J. Forrier, N. A. I W. A. McAfee, A. L. B	es. vey, W. J. B	alley Jr.
M. J. Fortier, N. A. I W. A. McAfee, A. L. B	McKenna, F. illingsley. Afaa Grossma	H. Beam, in. Taplin, c
General Coursel: Mc. Hanning, Newcomer & Annual Meeting: Ap No. of Stockholders ferred, 470: common, No. of Employees: I	Hazlett, Cleril 25, 1951.	veland, O.
ferred, 470: common, l	5,700.	950: Pre- 1
	Jec. 31. 195U.	2,300.
Cleveland 10, Ohio, incentive Compensa 10% of net profits afte come taxes, payable attors. Conselidated Income	tion Fund: r state and F determined Account, ye	Annually, eders! in- by direc- ars ended
Cleveland 10, Ohio. incentive Compensa 10% of net profits afte come taxes, payable at tors. Consolidated Income	tion Pund: r state and F determined Account, ye	Annually, ederal in- by direc- ers ended 1949 \$30,900,489 27,562,219
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Y	r's manual	OF IN	VESTM
). Le	Assets (cont'd) Non-curr. receiv Deferred charges _	1950 55,328 415,464	1949 i: 97,080 e 441,995 7
•	* 1-1-11141-ns	\$25,094,637	\$18,594,237
:	Liabilities: Notes payable Accts. pay., etc Dividend payable	\$499,000 \$.515.156 241.944 \$.217.535	\$200,000 C 2,378,869 :
d	Dividend payable Fed. income taxes	241.944	1.050,000
3,	Total current Notes payable	\$6,473,635 4,401,000 1,933,300	\$3.779.508 3.800.000 2.000.000
	Notes payable		1.021.950 T
	Total [Reacq. stock	9,009,674 2,159,336 14,324,330	878,204 F 11,057,804 43,075
	Net sik. & surp	104,328	11,014,729 \$18,594,237
	Net current assets []At lower of stands	ITA COST OF F	\$9,721,385
3. 1.	Accounts certified	rerred share Ernst & Ern	es at cost. c
3.	Term Leans: Outs \$5.625,000 (including \$2.1951); retired \$475,000. Feb. 1, 1964, interest & F&A 1. All held by Ma Insurance Co. and Peance Co.	tanding, Fe ,000,000 obtai Dated Jan	b. 15, 1951, ¹ ned in Jan., ⁵ 18, 1949, due
1. E,	Feb. 1, 1964, interest a F&A 1. All held by Ma	1% per annussachusetts	im, payable Mutual Life
6	ance Co. Loan, as amended t	o Feb. 15. 1	951, payable
•	Loan, as amended t \$400.000 each Feb. 1 b of net income after to year payable each A Notes are not secure	eginning 19; ixes for prec .pr. 15, beg	eding fiscal inning 1951.
	Company may not on or acquire any ca	d. pay any ca pital stock	sh dividend
i-d	Company may not on or acquire any cabursements exceed thand proceeds of sale Oct. 31. 1950 (except	e sum of (a) of capital	net income stock after
it L	(b) \$1,000,000. Compan of current assets over loast greater of \$4,000,	y is to main	ntain excess liabilities at
a,	ias denned).		
d			
đ. ::	shares: par \$50.	preference	for assets
.;	DIVIDEND RIGHTS-	-Entitled to	cumulative
n,	DIVIDEND RECORD	inicial div	30000 OT SI
n. D.	cents paid Mar. 20,	1949. Reguli	ir quarteriv
B-	above. DIVIDEND RESTRI	CTION-Cor	
P.,	sum of (a) consolida	disbursem	ents exceed ;
y. D- C-	dividend and sinking \$500,000 and (c) proce	fter deducti fund requireds eds of any	ng preferred (rements, (b) (junior stock
d	\$500,000 and (c) procesold after Feb. 15. 1948 consolidated surplus of consolidated funders.); nor if junions is less than and debt and	or stock plus 125% of sum involuntary
89 19 03	riduidation value of	preserred, a	ING STOCK OF
74 93	VOTING RIGHTS-H	as no votin ne year are	power un-
57 50			
48 00	reclassify or change	return of b	referred #G-
02 25 73	any preserred, or p	nor or equ trantee any g June 30 oi	ar stock, or funded debt. Dec. 31 the
73 04 60	sum of par or stated a consolidated surplus 125% of consolidated	value of juni (as defined i funded de	or stock and) is at least bt plus in-
00 ed	voluntary liquidation preferred and stock of Consent of majority	value of all	outstanding equal rank.
ı. N.	to create any equal	stock, or	ncrease au-
	TIMOTOWITON KIRL	113-11 11Q	TIMMITON SU-

ALAMO IRON WORKS

History: Incorporated under Texas laws
Feb. 2, 1899, as successor to business established in 1878 by George Holmgreen, Sr.
Merged Alamo Steel & Supply Co. Jan. 3, 1928,
Business: Manufactures machinery, pumping equipment and well drilling tools. Also engaged in general job shop production as well
as jobbing of machinery and supplies for mills,
contractors, etc.; also jobbing and fabricating
of building steel.

Property: Plants with warehouse facilities,
located at San Antonio, Houston, Corpus
Christi, Brownsville and San Angelo, Tex.
Officers: Melrose Holmgreen, Pres.; E. A.
Holmgreen, Jr., Vice-Pres. and Treas.; Herbert
Holmgreen, Sr., Sec.; A. S. Bennett, M. G.
Voight, J. C. Cowan, Louis Tengg, 2nd VicePres. to create any equal stock, or increase authorized preferred or equal stock.

Interest

Interest

Pension contrib...

Sp. 253

Sp. 265

Sp. 266

Sp.

ing Co. and Payne Furnace Co., for capital expenditures and working capital.
TRANSFER AGENT—New York Trust Co. New York and National City Bank of Cleve-
land. REGISTRAR-Bankers Trust Co., New York
and Central National Bank of Cleveland.
OFFERED-40.000 shares \$3 cumulative pre- terred (par \$50) with non-detachable common
stock warrants, and 1,000,000 common shares (par \$1) offered at \$50 per unit of one pre-
ferred share and warrant to purchase one common share, and at \$9.25 per common share.
(proceeds to company \$46.75 and \$8 respectively) on Jan. 13, 1949 by a syndicate headed
by Reynolds & Co., New York. LISTED—On New York and Midwest Stock
Exchanges. PRICE RANGE—1950, 55%-48%: 1949, 51%-46.
2. Affiliated Gas Equipment, Inc. common;
nne ti:

2. Affiliated Gas Equipment, inc. commen; par \$1:
AUTHORIZED—2.000.000 shares; outstanding.
Jan. 1, 1951, 1.209.720 shares; reserved for warrants, 40.000 shares; reserved for stock purchase plan. 12.300 shares; par \$1.
DIVIDEND RECORD—Initial dividend of 22% cents paid Apr. 1, 1949, July 25 and Nov. 1, 1949; 1950, 65 cents; Feb. 1, 1951, 20 cents.
DIVIDEND LIMITATION — See preferred stock and Term Loan, above.
VOTING RIGHTS—Has one vote per share, with right to cumulative voting for directors. PREEMPTIVE RIGHTS—None.
TRANSFER AGENT—New York Trust Co., New York and National City Bank of Cleveland.
REGISTRAR—Bankers Trust Co., New York and Central National Bank of Cleveland.
OFFERED—See preferred, above.
LISTED—On New York and Midwest Stock Exchanges.

OFFERED—See preferred, above.
LISTED—On New York and Midwest Stock
Exchanges.
PRICE RANGE—1950, 13%-7%; 11%-5%.
(200,000 shares) at \$10.65 to small group of
investment trusts and private investors in
Feb., 1950. Issued (together with \$1.100.000
loan, see above) for expansion and additional
working capital.
Steek Purchase Warrants: Each certificate
for \$3 preferred bears non-detachable warrant entitling holder to purchase, in whole
and not in part, one common share at \$11.25
per share for each preferred share, void after
Jan. 15, 1954 or redemption date. Warrants
protected against dilution, New York Trust
Co., New York warrant agent.

Stock Purchase Pian: Company has reserved
25,000 common shares for sale to officers, directors or employees, at \$8 per share on 10year installment purchase contracts. Purchased to Dec. 31, 1950, 9,650 shares.

ALAMO IRON WORKS

ALAMO IRON WORKS

MOODY'S MANUAL OF INVESTMENTS

AMERICAN AND FOREIGN

INDUSTRIAL SECURITIES

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1952

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MOODY'S INVESTORS SERVICE

65 BROADWAY, NEW YORK 6, N. Y.

PHILADELPHIA BOSTON CHICAGO LOS ANGELES PITTSBURGH SAN FRANCISCO
1411 Walnut St. 75 Federal St. 105 W. Adams St. Hollingsworth Bldg. Union Trust Bldg. Russ Bldg.

LONDON: MOODY'S INVESTORS SERVICE, LTD.

```
dale. Long Beach, Santa Ana, Van Nuys, Compton, Whittier Burbank Pasadena and San Luis Obispo. The California stores sell men's clothing, furnishings, hats, shoes and boys' clothing and 3 stores sell lisdies' ready to wear.
                                                                                                                                                                                                                  TOBIN PACKING CO., INC.
   men's clothing and 3 stores sell ledies' ready to wear.

Property: Plant at Rochester, N. Y., contains 190,000 sq. ft. of floor space. Other plant having 7,000 sq. ft. of floor space. Other plant having 7,000 sq. ft. of manufacturing space in Geneva, N. Y. Also has office space under lease in New York, Chicago and Los Angeles. Subsidiary stores are in leased premises.

Subsidiary stores are in leased premises.

Subsidiary Timely Stores, Inc. incorporated in Cal. Apr. 12, 1940, is wholly-owned.

Officers: G. N. Kaye, Pres.; F. E. Wolfe, Vice-Pres. and Treas. J. Bloomer, J. D. Carcy, Vice-Pres.; B. S. Heumann, Sec.; P. M. Dugan, Asst. Sec. and Asst. Treas. Directors: F. E. Wolfe, B. S. Heumann, A. E. Fernieaf. T. J. Hasgrave, R. N. Ball. F. E. Devans. Rochester: G. N. Kaye, New York. Auditors: Ernst & Ernst. General Counsel: Nixon, Hargrave, Devans & Dey, Rochester.

Annual Meeting: Third Tuesday in Jan. No. of Stockholders: Dec. 31, 1951, 1,150. No. of Employees: Dec. 31, 1951, 1,150. Office: 1415 Clinton Ave. N., Rochester 2, New York.

        New York.
        Consolidated Income Account, years ended

        Oct. 21:
        1951

        Net sales
        $12,845,441
        $10,739,139

        Cost of sales
        10,339,186
        $6,91,135

        Gross profit
        2,506,255
        2,048,004

        Selling, etc., exp.
        1,839,710
        1,650,418

        Gillet earnings
        666,545
        397,586

        Other income
        13,271
        31,222

        Total income
        679,816
        428,708

        Interest
        50,181
        9,701

                                                                                                                                                                       397,586
31,122
428,708
9,701
1,386
160,500
cr 26,095
283,216
2,556,231
7,202; 1950, $89,694.
EFrom SEC report.
          Consolidated Balance Sheet, years ended
  Get. 31:
Assets:
Cash
Receivables, net
Finish, prod., etc..
Work in process
IIIRaw materials
IIIMatl, in transit...
Prepayments
                                                                                                            1951
$465,232
2,965,331
1,140,944
381,394
1,106,326
88,640
36,035
                                                                                                                                                                        1950
$441,188
1.932.699
1,122,813
591,478
1.458,453
117,252
41,581
  Total current
Land, bldgs., etc...
Deprec. & amort...
Net property
Life ins., cash val...
                                                                                                                                                                   $5,705,462
1,844,441
862,411
982,030
                                                                                                          $6,183,902
                                                                                                             1,805,627
906,993
893,629
24,681
                                                                                                                                                                                  31.067
23,755
   Other assets .....
                                                                                                          $7.107.212
                                                                                                                                                                    $6,742,314
            Liabilities:
                                                                                                         $1,800.000
197,066
57,623
  $1,500,000
$11,649
62,191
203,377
                                                                                                                    220,002
         ed. income tax ___
                                                                                                                                                                    $2,477,056
150,000
45,911
                   Total current .
                                                                                                         $2,639,012
  Inventory res. ....
Uninsur. loss
Capital stk. ($10)...
Earned surplus
                                                                                                            1,400,000
3,068,200
                                                                                                                                                                       1.400,000
2.699,447
  Total $7.107.212 $6.742.314

Net current assets. $3.544.890 $3.258.406

Net tang. per sh... $31.92 $29.28

Each lower of invoiced cost, first-in, first-out, or replacement market less allowance for shrinkage and obsolescence.

Capital Stock: L. Timely Clethes, inc. commen: par $10c.
Capital Stock: 1. Timely Clethes, Inc. commen: par $10:
AUTHORIZED—140.000 shares; outstanding, 140.000 shures; par $10.
DIVIDENDS PAID—
1946... $0.60 1947-48 $1.60 1949... $1.30 1950-51 1.00 [ij1952. 0.50 ]
IITO Apr. 2.
VOTING RIGHTS—Has one vote per share.
PREEMPTIVE RIGHTS—Has preemptive rights as provided by New York laws.
OFFERED—(90,000 shares) at $18.50 per share on June 27, 1946 by First Boston Corp., New York, and associates. Offering did not represent company financing.
 sent company financing.
TRASNFER AND DIVIDEND DISBURSING
   AGENT—Lincoln Rochester Trust Co., Rochester
  REGISTRAR—Security Trust Co., Rochester. PRICE RANGE—1951, 1434-12.
```

Mistary Incompra	ted in Delay	ware July 90
TOBIN PACKING History: Incorpora 1942 as successor of I name. On Nov. 28, 1 Packing Co., Inc. an Inc., each of which Tobin Packing Co., auccessor corporation	owa corpora	With Albany
Packing Co., inc. and inc., each of which	d Rochester had a 50%	Packing Co., interest in
Tobin Packing Co., successor corporation	inc., which	became the
in Nov. 1945, purch Co. (Ia.) plant for 1 Business: Operate	200 shares	> preferred
packer and manutes	turer of mi	at products.
including smoked me canned meats. Also beef.	nandles but	es, exts and
peef. Properties: Plants: N. Y., Fort Dodge ar combined floor area Subsidiary: Parket wheat flour mill at Officers: F. M. To leist, Asst. Vice-Pres.; H. L. Co Leiss, Asst. Vice-Pre Compt.; F. W. Hage J. C. Meyer, Joseph P. J. Vaeth, Jr., Ass R. B. Hunter, Asst. O. J. McKirchy, Jr Partis, Asst. Treas. Directors: F. M. To Peck, H. L. Cooper Leiss, F. A. McName Clark, H. K. Gillmar grville.	at Rochester id Esthervill	and Albany, e. lows have
Subsidiary: Parket	of 1,145,500 mills, Inc.	owns buck-
Officers: F. M. Tot	on, Pres.; W	C. Coding.
Vice-Pres.; H. L. Co	oper, K. F.	Voigt, T. G.
Compt.; F. W. Hage J. C. Meyer, Joseph	rman, Sec.; Wells, O.	J. J. Burke, I. McKirchy.
P. J. Vaeth, Jr., Ass R. B. Hunter, Asst.	t. Sec. and Compt. and	Asst. Treas.; d Asst. Sec.;
O. J. McKirchy, Jr. Partis, Asst. Treas.	K. E. Din	gman, E. R.
Peck, H. L. Cooper	bin H. Rum W. C. Co	egy, Jr., R. M. dling, T. G.
Clark, H. K. Gillmar	e, F. W. Ha; l, J. J. Krez,	W. G. Som-
Auditors: Hurdman	a & Cransto	un.
Auditors: Hurdman No. of Stockhold ferred, 1.228; commo No. of Employees:	n, 1,877.	. 3.074.
No. of Employees: Office: 900 Maple S Sales Volume (lbs.)	t., Rocheste	, N. Y.
		1950 315,838,613
Censelidated income Net sales Costs & expenses Depreciation Emp. retire, fund Net earnings Other income Total income Interest	Oct. 27,'51	Oct. 28, 50
Net sales Costs & expenses Depreciation	119.663.317	105,220,664
Emp. retire, fund. Net earnings	216.818 2 020.816	278.200 2 05% 57 i
Other income Total income	201.664 2.231.480	142,711 2,201,232
interest Other deduct., net	28,950	25,606
		783,005
Prev. earn. surp	993.419 5,996.943	1.158.101 5,489.742
Common divs.	800 609	158,879 490,020
Earned surplus [Times int. earn Earn pfd. share No. of pfd. shares	6,321,955 7.20 \$43,77	\$,996,943 9.20
	22,697	\$50.94 22,697
	22,697	
	22,697	
	22,697	
	22,697	
Sales & Earnings, 1 Sales 1931 122,497,669 1950 108,038,229 1, 1948 103,487,819 1, 1948 119,254,669 1, 1947 22,521,657 1, 1946 47,559,331 1, 1945 44,094,436	22,697 Net No Profit Sh 993,419 85 156,101 842 390,486 808 973,654 808 236,461 131,331,329 145	0, etc. (in 3): 5. of Earn. ares on Com. 1,773 0.98 1,200 1.18 1,200 2.22 1,200 2.25 1,885 5.79 1,685 1.21
Sales & Earnings, 1 Sales 1931 122,497,669 1950 108,038,229 1, 1948 103,487,819 1, 1948 119,254,669 1, 1947 22,521,657 1, 1946 47,559,331 1, 1945 44,094,436 1944 54,554,656	22,697 Net No Profit Sh 993,419 85 156,101 842 390,486 808 973,654 808 236,461 133 331,329 144 389,674 134	
Sales & Zarnings, 1 Sales 1951 122,497,669 1950 108,038,229 1949 103,467,819 1,1948 119,254,659 1,1947 22,521,657 1,1946 47,359,331 1,1945 44,094,436 1944 54,954,656 1943 54,928,405 Consolidated Saler Assets:	22,697 LXES. Fra. to Oct. 3 Net N. Profit Sh 993,419 85 156,101 842 390,426 808 991,374 809 973,654 808 255,461 163 331,329 144 389,674 134 482,354 134	3, etc. (in 3): 2. of Earn. ares on Corn. 1.773 0.93 1.200 1.32 1.200 2.22 1.200 2.22 1.200 2.25 1.855 1.21 1.800 2.32 Oct. 28,'50
Sales & Zarnings, 1 Sales 1931 122,497,669 1950 108,038,229 1949 103,487,819 1,1948 119,254,669 1,1947 22,521,657 1,1946 47,359,331 1,945 44,094,436 1944 54,554,636 1944 54,554,636 1943 54,928,405 Consolidated Saler Assets: Cash Receivables, net	22,697 LXES. FTE. to Oct. 3 Net N. Profit Sh 993,419 85 139,445 808 951,574 809 951,574 809 973,654 808 256,461 16: 3389,674 134 462,354 134 See Sheet: Oct. 27,731 \$1,615,912 3,420,282	3, etc. (in 3): 2. of Earn. ares on Corn. 1.773 0.93 1.200 1.32 1.200 2.22 1.200 2.22 1.200 2.25 1.855 1.21 1.800 2.32 Oct. 28, 50 \$1,276,134 2,511,832
Sales & Earnings, 1 Sales 1951 122,497,669 1950 108,038,229 1. 1948 103,487,819 1. 1948 119,224,659 1. 1947 22,521,657 1. 1946 47,559,331 1. 1945 44,094,436 1944 34,534,536 Consolidated Saler Assets: Cash	22,697 Net N. Profit Sh 993,419 85 155,101 84 290,446 808 951,574 808 973,654 808 331,329 14 331,329 14 462,354 13 462,354 13 \$1,615,912	8, etc. (in \$): 5: of Earn. ares on Com. 1.773 0.98 1.200 1.52 1.200 2.25 1.200 2.25 1.800 1.73 1.800 1.73 1.800 1.73 1.800 2.32 Oct. 28, 50
Sales & Earnings, 1 Sales 1951 122,497,669 1950 108,038,229 1. 1948 103,487,819 1. 1948 119,224,659 1. 1947 22,521,657 1. 1946 47,559,331 1. 1945 44,094,436 1944 34,534,536 Consolidated Saler Assets: Cash Receivables, net [Ilnventories Prepaid expenses.	22,697 Exes. Fig. 10 Oct. 3 Net N. Profit Sh 993,419 85 155,101 842 390,485 805 991,574 806 991,574 806 255,461 16 331,329 144 325,664 163 325,674 134 462,354 136 462,354 136 462,354 136 462,354 136 462,354 136 462,354 136 470,282 5,869,377 \$1,608,446	8, etc. (in \$): 2: of Earn. ares on Com. 1.773 0.98 1.200 1.52 1.200 2.25 1.200 2.25 1.855 5.79 1.800 1.73 1.800 2.32 Oct. 28, 50 \$1.276,134 2.611.833 5,793,215 522,806 \$10,204,993
Sales & Earnings, 1 Sales 1951	22,697 Exes. Fig. 10 Oct. 3 Net N. Profit Sh 993,419 85 155,101 842 390,485 808 991,374 808 255,461 16 331,329 144 359,674 134 462,354 136 Oct. 27,51 \$1,615,912 3,420,282 5,869,375 702,377 \$11,608,446 12,542,435	8, etc. (in \$): 2: of Earn. ares on Com. 1.773 0.98 1.200 1.52 1.200 2.25 1.200 2.25 1.855 5.79 1.800 1.73 1.800 2.32 Oct. 28, 50 \$1.276,134 2.611.833 5,793,215 522,806 \$10,204,993
Sales & Earnings, 1 Sales 1951	22,697 Exes. Fig. 10 Oct. 3 Net N. Profit Sh 993,419 85 155,101 842 390,485 808 991,374 808 255,461 16 331,329 144 359,674 134 462,354 136 Oct. 27,51 \$1,615,912 3,420,282 5,869,375 702,377 \$11,608,446 12,542,435	3, etc. (in 3): 2: of Earn. ares on Com. 1.773 0.98 1.200 1.52 1.200 2.25 1.200 2.25 1.200 2.25 1.21 1.800 1.73 1.800 1.73 1.800 2.32 Oct. 28,50 \$1.276,134 2.611.838 5,793,215 523,806 \$10.204,993 10.694,923 3.767,209 6.927,718 114.438 64,677
Sales & Earnings, 1 Sales 1951 122,497,669 1950 108,038,229 1949 103,487,819 1,1948 119,254,659 1,1947 22,521,657 1,1946 47,559,331 1,1945 44,094,436 1944 54,524,656 1943 54,928,405 Consolidated Saler Assets: Cash Receivables, net [[]Inventories Prepaid expenses. Total current. Land, bldgs etc Depreciation Net property Non-op. prop., net. Investments, net Plant addit prov.	22,697 Exes. Fig. 10 Oct. 3 Net N. Profit Sh 993,419 85 155,101 842 390,485 808 991,374 808 255,461 16 331,329 144 359,674 134 462,354 136 Oct. 27,51 \$1,615,912 3,420,282 5,869,375 702,377 \$11,608,446 12,542,435	8, etc. (in \$): 2: of Earn. ares on Com. 1.773 0.98 1.200 1.52 1.200 2.25 1.200 2.25 1.855 5.79 1.800 1.73 1.800 2.32 Oct. 28, 50 \$1.276,134 2.611.833 5,793,215 522,806 \$10,204,993
Sales & Earnings, 1 Sales 1951	22,697 Exes. Fig. 10 Oct. 3 Net N. Profit Sh 993,419 85 155,101 842 390,485 805 991,574 806 991,574 806 255,461 16 331,329 144 325,664 163 325,674 134 462,354 136 462,354 136 462,354 136 462,354 136 462,354 136 462,354 136 470,282 5,869,377 \$1,608,446	3, etc. (in 3): 2: of Earn. ares on Corn. 1.773 0.93 2.200 1.18 1.200 1.52 1.200 2.22 1.200 2.22 1.200 2.25 1.855 1.21 1.800 2.32 Oct. 28, 50 \$1.276,134 2.611.838 5,793,215 523,806 \$10.204,993 10.694,923 3.767,209 6.927,718 114,438 64,677 1.194,017
Sales & Earnings, 1 Sales 1951 122,497,669 1950 108,038,229 1949 103,467,819 1,1948 119,254,669 1,1947 22,521,657 1,1946 47,359,331 1,1945 44,094,436 1944 54,928,405 Consolidated Saler Assets: Cash Receivables, net [JInventories Prepaid expenses. Total current. Land, bidgs., etc Depreciation Net property Non-op. prop., net. Investments, net Plant addit. prov. Life ins., cash val. Patents, net Deferred charges Total	22,697 Exes. Fra. to Oct. 3 Net N. Profit Sh 993,419 85 156,101 842 390,426 808 991,374 809 256,461 161 331,329 144 389,674 134 482,334 138 482,334 138 482,335 138 482,337 \$11,608,446 12,542,435 4,309,381 8,203,054 91,699 57,695 57,695 57,695 57,695 57,695 57,695 57,695 57,695 57,695 57,695 57,695 57,695 57,695 57,799 358,112 4,897	3, etc. (in 3): 2: of Earn. ares on Corn. 1.773 0.93 1.200 1.18 1.200 2.22 1.200 2.25 1.200 2.25 1.855 5.79 1.855 1.21 1.800 2.32 Oct. 28, 50 \$1.276,134 2.611.838 5,793,215 523,806 \$10.204,993 10.694,923 3.767,209 6.927,718 114.438 64,677 1.194,017 328,682
Sales & Earnings, 1 Sales 1951 122,497,669 1950 108,038,229 1949 103,487,819 1,1948 119,254,669 1,1947 22,521,657 1,1946 47,359,331 1,945 44,094,436 1943 54,928,405 Consolidated Saler Assets: Cash Receivables, net [j]Inventories Prepaid expenses Total current Land, bidgs., etc Depreciation Net property Non-op. prop., net Investments, net Plant addit. prov. Life ins., cash val Patents, net Deferred charges. Total Liabilities: Accts. pay., etc	22,697 Exes. Fra. to Oct. 3 Net N. Profit Sh 993,419 85 155,101 842 390,486 805 991,574 806 951,574 806 951,574 806 255,461 18 331,329 14 338,674 134 462,354 186 3420,282 5,869,375 702,377 \$11,608,446 12,542,435 4309,381 8,203,054 91,699 57,654 227,579 358,112 4,897 78,585 \$20,660,027	3, etc. (in \$): 2: of Earn. ares on Corn. 1.773 0.93 1.200 1.18 1.200 1.52 1.200 2.22 1.200 2.25 1.855 6.79 1.685 1.21 1.800 2.32 Oct. 28, 50 \$1.276,134 2.611.838 5,793,215 523,806 \$10.204,993 10.694,923 3.767,209 6.927,718 114,438 64,677 1.194,017 328,682
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Sales & Earnings, 1 Sales 1951 122,497,669 1950 108,038,229 1949 103,487,819 1,1948 119,254,659 1,1947 22,521,657 1,1946 47,359,331 1,1945 44,094,436 1944 54,934,436 1944 54,934,436 1944 54,928,405 Consolidates Saler Assets: Cash Receivables, net [[Inventories Prepaid expenses Total current Land, bldgs., etc Depreciation Non-op. prop., net. Investments, net Plant addit. prov Life ins., cash val. Patents, net Deferred charges Total Liabilities: Accts, pay., etc Notes payable Fed., inc. taxes Ist mixe. bds. due.	22,697 Exes. Fra. to Oct. 3 Net N. Profit Sh 993,419 85 155,101 842 390,485 806 991,374 806 256,461 161 331,329 144 389,674 134 482,354 136 482,354 136 256,661,212 3,420,282 5,869,375 702,377 \$11,608,446 12,542,435 4,309,381 8,203,054 91,699 57,654 227,579 358,112 4,897 78,585 \$20,660,027 \$1,312,936 2,700,000 1,061,911 178,000 59,661	3, etc. (in 3): 2.00 Earn. ares on Com. 1.773 0.98 1.200 1.18 1.200 2.22 1.200 2.25 1.21 1.800 2.32 Oct. 28, 50 \$1.276.134 2.611.836 5.793.215 523.806 \$10.204.993 10.694.923 3,767.209 3,767.209 6,927.718 114.433 64.677 1.194.017 323.682 35.692 \$1.266.073 \$1.266.073 1.400.000 882.701 172.000
Sales & Harnings, 1 Sales 1931 122,497,669 1950 108,038,229 1949 103,487,819 1,1948 119,254,659 1,1945 42,034,345 1945 44,094,436 1943 54,928,405 Consolidated Saler Assets: Cash Receivables, net	22,697 Exes. Fra. to Oct. 3 Net N. Profit Sh 993,419 85 155,101 842 390,485 808 991,374 809 973,854 808 255,461 163 389,674 134 462,354 134 462,354 134 462,354 134 462,354 134 462,354 134 462,354 134 462,354 134 462,354 134 462,354 134 462,354 134 462,542 135 410,384 136 412,542,435 410,384 136 410,38	3, etc. (in 3): 2: of Earn. ares on Corn. 1.773
Sales & Earnings, 1 Sales 1951 122,497,669 1950 108,038,229 1949 103,467,819 1,1948 119,254,659 1,1947 22,521,657 1,1946 47,359,331 1,1945 44,094,436 1944 54,934,436 1944 54,934,436 1944 54,928,405 Consolidated Saler Assets: Cash Receivables, net [[]Inventories Prepaid expenses. Total current Depreciation Net property Non-op. prop., net. Investments, net Plant addit. prov Life ins., cash val. Patents, net Deferred charges Total Liabilities: Accts, pay., etc. Notes payable 1st mtge. bds. due. Emp. retire. fund. Accrd. taxes, etc Cust. advances Total current Total current	22,697 Exes. Fra. to Oct. 3 Net N. Profit Sh 993,419 85 155,101 842 390,485 806 991,374 800 973,854 806 973,854 806 256,461 18 3359,674 134 482,354 134 482,354 134 482,354 134 482,354 134 482,354 134 482,354 134 482,354 134 21,542,435 4309,387 70,2377 \$11,608,446 12,542,435 4309,387 78,585 227,579 358,112 4,897 78,585 \$20,660,027 \$1,312,936 2,700,000 1,061,911 178,000 59,618 189,154 126,798 \$5,628,416 2,167,000	3, etc. (in 3): 2: of Earn. ares on Corn. 1.773
Sales & Earnings, 1 Sales 1951 122,497,669 1950 108,038,229 1948 103,487,819 1948 119,254,659 1,1948 47,359,331 1,1945 44,094,436 1944 54,934,436 1944 54,934,436 1944 54,934,405 Consolidated Baler Assets: Cash Receivables, net [[]Inventories Prepaid expenses. Total current Land, bldgs., etc Depreciation Net property Non-op. prop., net. Investments, net Plant addit. prov Life ins., cash val. Patents, net Deferred charges Total Liabilities: Accts, pay, etc. Notes payable Fed. inc. taxes 1st mige. bds. due. Emp. retire. fund. Accrd. taxes, etc Cust. advances Total current. 1st 3½s. A. 32-62- 1st 3½s. B. 33-37	22,697 Exes. Fra. to Get. 3 Net Net Net Net Net Net 10,000 10,000 1,061,911 178,000 1,250,241 \$1,615,912 3,420,282 5,869,375 702,377 \$11,608,446 12,542,435 4,309,381 8,203,054 91,699 57,654 227,579 358,112 4,897 78,585 \$20,660,027 \$1,312,936 2,700,000 1,061,911 178,000 1,061,911 178,000 1,061,911 178,000 1,061,911 178,000 1,061,911 178,000 1,061,911 178,000 1,061,911 178,000 1,266,798	3, etc. (in 3): 2: of Earn. ares on Corn. 1.773
Sales & Earnings, 1 Sales 1951 122,497,669 1950 108,038,229 1948 103,487,819 1,1948 119,254,669 1,1947 22,521,657 1,1946 47,359,331 1,1945 44,094,436 1944 54,928,405 Consolidates Baier Assets: Cash Receivables, net IJInventories Prepaid expenses. Total current Land, bldgs., etc Depreciation Net property Non-op. prop., net Investments, net Plant addit. prov Life ins., cash val. Patents, net Deferred charges Total Liabilities: Accts, pay., etc. Notes payable Fed. inc. taxes 1st mtge. bds. due. Emp. retire. fund. Accrd. taxes, etc Cust. advances Total current 1st 3½s, A, 52-62 1st 3½s, A, 52-62 1st 3½s, B, 33-57 7% pfd. stk. (\$100) Common stk. (\$310) Capital surplus	22,697 Exes. Fra. to Oct. 3 Net Profit Sh 993,419 85 155,101 842 390,486 809 973,654 808 973,654 808 973,654 808 973,654 808 973,654 808 973,654 808 973,654 808 973,654 808 973,654 808 973,654 808 973,654 134 842,352 134 842,352 134 842,352 134 84,363 134 84,363 134 84,369 95 78,585 820,660,027 \$1,312,96 227,579 358,119 34,897 78,585 \$20,660,027 \$1,312,96 227,579 \$35,618 189,154 4.897 78,585 \$2,700,000 1,061,911 178,000 1,061,911 178,000 22,887,700 22,583,384 \$2,668,466 22,6798 \$5,628,416 22,6798 \$5,628,416 22,6798 \$5,628,416 22,655,319 22,555,319	3, etc. (in \$): 2. of Earn. ares on Corn. 1.773
Sales & Earnings, 1 Sales 1951 122,497,669 1950 108,038,229 1948 119,254,669 1948 129,254,669 1948 47,359,331 1945 44,094,436 1945 44,094,436 1943 54,928,405 Censelidated Saler Assets: Cash Receivables, net [j]Inventories Prepaid expenses Total current Land, bidgs., etc Depreciation Net property Non-op. prop., net Investments, net Plant addit, prov. Life ins., cash val. Patents, net Deferred charges. Total Liabilities: Accts. pay., etc. Notes payable Fed. inc. taxes 1st mtge. bds. due Emp. retire. fund Accrd. taxes, etc Cust. advances Total current 1st 3/5s, A. 32-62 1st 3/5s, B. 33-37 7% pfd. stk. (\$100) Common stk. (\$31. Capital surplus Earned surplus Earned surplus Earned surplus Earned surplus	22,697 22,697 22,697 Net Not Not Profit Sh 993,419 85 156,101 842 390,486 806 991,374 806 256,461 161 331,329 144 3389,674 134 482,334 134 482,334 134 482,282 5,869,377 \$11,608,446 12,542,435 4,309,381 8,203,054 91,699 57,634 227,579 358,112 227,579 358,112 227,579 358,112 227,579 358,112 217,579	3, etc. (in \$): 2. of Earn. ares on Corn. 1.773
Sales & Harnings, 1 Sales 1931	22,697 Exes. Fra. to Get. 3 Net Net Net Net Net Net 10,000 10,000 11,000 1	3, etc. (in \$): 2.00 Earn. ares on Corn. 1.773 0.98 1.200 1.18 1.200 1.22 1.200 2.25 1.200 2.25 1.21 1.855 1.21 1.855 1.21 1.850 1.73 1.850 2.32 Oct. 28,750 \$1.276.134 2.611.33 2.671.33 5.773.215 522.806 \$10.204.993 10.694.993 10.694.993 10.694.993 10.694.993 11.4438 64.677 1.194.017 213.682 85.037 \$18.919.562 \$1.266.073 1.400.000 882.701 172.000 175.553 224.694 \$4.121.020 2.345.000 1.250.000 2.269.700 2.526.600 2.269.700 2.526.600 \$1.996.943 \$13.919.562 \$6.083.973
Sales & Harnings, 1 Sales 1931	22,697 Exes. Fra. to Get. 3 Net N. Profit Sh 993,419 85 155,101 842 390,485 805 993,574 806 255,461 18 331,329 14 335,674 134 462,354 136 462,354 136 \$1,615,912 3,420,282 5,869,375 702,377 \$11,608,446 12,542,435 4,309,381 8,203,054 91,699 57,659 57,579 358,112 4,897 78,585 \$20,660,027 \$1,312,936 2,700,000 1,061,911 178,000 1,061,911 178,000 1,061,911 178,000 2,269,700 2,255,319 18,124,700 2,269,700 2,269,700 2,255,319 18,125,628 \$2,167,000 1,250,0	3, etc. (in \$): 2.00 Earn. ares on Corn. 1.773 0.98 1.200 1.18 1.200 1.22 1.200 2.25 1.200 2.25 1.21 1.855 1.21 1.855 1.21 1.850 1.73 1.850 2.32 Oct. 28,750 \$1.276.134 2.611.33 2.671.33 5.773.215 522.806 \$10.204.993 10.694.993 10.694.993 10.694.993 10.694.993 11.4438 64.677 1.194.017 213.682 85.037 \$18.919.562 \$1.266.073 1.400.000 882.701 172.000 175.553 224.694 \$4.121.020 2.345.000 1.250.000 2.269.700 2.526.600 2.269.700 2.526.600 \$1.996.943 \$13.919.562 \$6.083.973
Sales & Earnings, 1 Sales 1951 122,497,669 1950 108,038,229 1049 103,487,819 1,1948 119,254,669 1,1947 22,521,657 1,1946 44,094,436 1943 54,928,405 Censelidated Saler Assets: Cash Receivables, net [j]Inventories Prepaid expenses Total current Land, bidgs., etc Depreciation Net property Non-op. prop., net Investments, net Plant addit. prov. Life ins., cash val. Patents, net Deferred charges. Total Liabilities: Acts. pay., etc. Notes payable Fed. inc. taxes 1st mtge. bds. due Emp. retire. fund. Accrd. taxes, etc Cust. advances Total current 1st 3½s. A. 32-62 1st 3½s. B. 53-57 1% pfd. stk. (\$100) Common stk. (\$3) Capital surplus Earned surplus Earned surplus Total Net current assets	22,697 Exes. Fra. to Oct. 3 Net N. Profit Sh 993,419 85 155,101 842 390,485 805 991,3574 806 925,461 134 389,674 134 482,554 164 389,674 134 482,554 164 25,42,435 420,282 5,869,875 702,377 \$11,608,446 12,542,435 4,309,381 8,203,054 91,699 57,659 227,579 358,112 4,897 78,585 \$20,660,027 \$1,312,936 2,700,000 1,061,911 178,000 1,061,911 178,000 1,061,911 178,000 2,269,700 2,355,319 13407,726 1,312,936 2,107,000 1,250,000 2,269,700 2,269,700 2,355,319 13407,726 137,438 except 137,438 except 137,438 except 137,438 except 1389,638	3, etc. (in 3): 2: of Earn. ares on Corn. 1.773

Bonded Debt: L Tebin Packing Co., Inc. first mortgage Series A sinking fund 3½s, due serially to 1962: AUTHORIZED—\$3,000,000; outstanding, \$2,345,-AUTHORIZED—\$3,000,000; outstanding, \$2,345,-000.

DATED—July 1. 1947.

MATURITY—Due serially each Jan. and July
1. to 1952. (See sinking fund for details).

INTEREST—J&J 1 at office of trutee. Principal and interest payable in U. S. legal tender.

TRUSTEE—New York Trust Co., New York.

CALLABLE—As a whole, or in part by lot, on not less than 30 nor more than 60 days: published or insiled noutce at any time to each June 30, incl., as follows:

1957—103 1958—10215 1999—102

Also callable for sinking fund (which see),

SINKING FUND—On each J&J 1, in cash or hones at par, ranging from \$154,600 in 1948 to \$242,000 in 1951 and \$125,000 in 1952, series

B, by a first lien on substantially all property. 000. DATED-B, by a first hen on substantially an property.

DIVIDEND RESTRICTION—Company will not without consent of 663% of outstanding bonds, pay cash dividends except out of earned surplus (as defined) accumulated after Oct. 30, 1948, nor unless thereafter on consolidated basis current assets are 1% times current liabilities. Company agrees to maintain current liabilities.

ISSUED—On July 1, 1947 to Penn Mutual Life Insurance Co., Philadelphia.

2. Tebin Packing Co., Inc., first mortgage series B sinking fund 3½s, due serially 1953-57: 57:
Authorized, \$1.250,000; outstanding, \$1.250,000; issued in 1950 and privately held.
Security and dividend restriction same as
Series A, above. Series A. above.

Capital Steck: 1. Tebin Packing Co., inc. 7% preferred; par \$100:

AUTHORIZED—30,000 shares (increased from 21,397 shares; par \$100.

DIVIDEND RIGHTS—Entitled to preferential cumulative dividuands at rate of 7% per annum, payable quarterly.

DIVIDEND RESTRICTIONS—See 1st 2%s, above. above.
DIVIDENDS—Initial dividend of \$1.75 paid
Jan. 5, 1943. Regular dividends paid quarterly
Jan. 1, etc., to stock of record about Dec. 20, VÕTING RICHTS -Has no voting nower ex-VOTING RIGHTS—Has no voting power except on getautt of 8 cuerterly dividends, when it elects a majority of directors.

LIQUIDATION RIGHTS—On liquidation, entitled, before distribution to common, to \$100 per share and dividends.

CALLABLE—As a whole or in part at any time on 15 days' notice at \$110 per share and dividends. 2. Tobin Packing Co., Inc. cemmon; par \$3:
AUTHORIZED—1,000,000 shares; outstanding,
851,773 shares; par \$3 (changed from no par
Sept. 20, 1947; five \$3 shares issued for each
no par share).
DIVIDEND RESTRICTIONS—See 1st \$36. DIVIDEND RESTAURANCE NO RESTAURANCE 1950 1949 AFFILIATED GAS EQUIPMENT, INC. History: Incorporated under Delaware laws Aug. 7, 1948 to acquire assets of Bryant Heat-er Co., Day & Night Manufacturing Co. and Payne Furnace Co., subsidiaries of Dresser Industries, Inc. Industries, Inc.
Business: Company manufactures gas heating equipment, water heaters, water coolers
and air conditioners. Aircraft department at
Monrovia, Cal., makes major sub-assembly
for new F89 Scorpion jet fighter. Sold under
brand names of Bryant, Day & Night and Payne.
Preperties: Owns in fee plants in Monrovia,
Cal., Indianapolis, Ind. and Cleveland, O.,
with total floor space of 610,000 sq. ft. and
leases plants in Tyler, Texas, and Cleveland,
Ohio.

leases plants in Tyler, Texas, and Cleveland, Ohio.

Officers: L. C. Harvey, Pres. and Gen. Mgr.; W. J. Bailey, Jr., Vice-Pres.; P. W. Scott, Vice-Pres.; Sec. and Treas.; G. A. Kautz, Cont., J. A. Hughes, Vice-Pres.

J. A. Hughes, Vice-Pres.

Directors: L. C. Harvey, W. J. Bailey, Jr., M. J. Fortier, N. A. McKenna, F. H. Beam, W. A. McArce, A. L. Billingsley.

General Coursel: McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, Cleveland, O. Annual Meeting: April 25, 1951.

No. of Stockholders: Dec. 31, 1951: Preferred, 420; common, 6,200.

No. of Employees; Dec. 31, 1951, 2,275.

Executive Offices: 17877 St. Clair Ave. Executive Office: 1887 SE Cleveland 10. Ohio. Incentive Compensation Fund: Annually, 10% of net profits after state and Federal income taxes, payable as determined by directions taxes, payable as determined by directions.

Unfilled Orders, Dec. 31, 1951, \$35,000,000.

Consolidated Income	Account,	years ended
Dac. 311	1201	7804
Sales	\$41,063.532	\$43,215,910
Costs & expenses.	35,834,929	38.094.961
Depreciation	711.626	588,260
	377.885	228,901
General taxes	4.159.392	4,303.788
Net earnings		97.958
Gain, assets sold -	237.353	291,918
Other income	4.396.745	4,693,664
Total income		206.632
Interest	358.260	
Other deductions	78,720	45.696
Fed, income taxes.	2.045,000	1,885.000
Excess profits tax.	205,000	315,000
Pr. yrs. tax adi	CT 97,996	
Net income	1,807,761	2,241,336
Earn. suip., 1-1	2.159.336	878,204
Preferred divs	108.082	113,460
Common divs	486,408	846,744
Earn. surp., Dec. 31	3.372.607	
Earn., pfd. share	£51.56	
No. of pfd. shares.	25.060	
Note: No provision	has been	made in 1951
for renegotiation of	Governme	nt contracts.
as refunds, if any, a	ra not ex	nected to be

of material effect.

Combined Sales and Earnings, years ended

OCT 11	(1D 3):			
	(m 5): Net	Net	No. of	Earn.
	Sales	Profit	Shares	on Com.
1951	41.083.832	1.807.761	1,225,020	1.39
1950	43.215.910	2.241.336	1.222.020	1.74
m1949.	30,900,489	1.665.502	1.021.950	1.52
1948	29,171,260	2,246,314	1.000.000	
1947	23.949.678	1.890.540	1.000.000	
1946	17.570.759	637,728	1,000,000	
1945	33.639.636	1,251,671		
1944	33,606,656	784.816		
1943	37,411,099	869.910		
1942	13,359,382	483,986		
(I)Ves	r anded De	ec 31: pri	or vears t	o Oct. 31.

1950 \$3.950,7C2 4.563,018 5.260.852 1.393,853 Cash

Cash
Receivables, net
Mater. & suppl.
Work in process
Finish, products
Reimburs. costs 1,393,853 3**,339,898** Deferred costs \$18.508.3P3 7,010,138 993,073 6,017,062 Total current Land, bldgs., etc...DepreciationNet propertyEmpl. stk. purch...Non-curr. receiv...Deferred charges ... \$28 547 606 8.487.032 1.611,546 6.675.165 72.000

Deserred charges .	450,014	413,404
Total	\$36,027,426	\$25,094,637
Liabilities: Notes payable	\$8.731,000 3.800.563	\$499,000 \$.515,156
Accts. pay., etc Dividend payable_ Fed. income taxes_	2,300,000	241.944 2.217.535
red. Income taxes.	2,300,000	2,217,333

Net sik. & surp	15,375,863	14,220,00
TReacq. stock	116.704	104.32
Total	15,492,567	14,324,33
Earned surplus	3.372,607	2.159,33
Paid-in surplus	9,028.340	9.009,67
Com. stock (\$1)	1,225,020	1,222.02
\$3 pfd. stk. (\$50:	1,866,600	1,933.30
Notes payable	5,820,000	4,401,00
Total current	\$14.831.563	\$6,473.60

Total \$36,027,426 \$25,094,637

Net current assets \$13,716,043 \$12,034,748

Net tang com. sh. \$11.12 \$10,14

DAt lower of standard cost or market.

Dreferred shares at cost: 1951, 2,272; 1950, \$25,094,637 \$12,034,745 \$10,14

2,016.
Term Leans: Outstanding, Dec. 31, 1951, \$6.225.000: (including \$2,000.000 obtained in Jan., 1951); retired \$875.000. Dated Jan. 18, 1949, due Feb. 1, 1964, interest 4% per annum, payable F&A 1.

Loan, as amended to Feb. 15, 1951, payable \$400,000 each Feb. 1 beginning 1952, plus 10% of net income after taxes for preceding fiscal year payable each Apr. 15, beginning 1951. Notes are not secured.

Company may not pay any cash dividend on or acquire any capital stock if such disbursements exceed the sum of (a) net income and proceeds of sale of capital stock after Dec. 31, 1950 (except initial financing), and (b) \$1,000,000. Company is to maintain excess of current assets over current liabilities at least greater of \$4,000,000 or 150% of total debt (as defined).

Eank Gredit: Company June 29, 1951 arranged a \$9,000,000 bank credit to finance de-

(as defined).

Sank Credit: Company June 22, 1951 arranged a \$9,000,000 bank credit to finance defense production.

To Dec. 31, 1951 company had drawn about \$6,150,000 evidenced by 90-day 340 promissory notes, guaranteed by U. S. Army.

Working capital shall be not less than \$9,000,000 plus an amount equal to any additional funded debt incurred.

DIVIDEND LIMITATION—See term loan, above.

DIVIDEND RESTRICTION—Company may not pay any cash dividend on or acquire junior stock if such disbursaments exceed sum of (a) consolidated net income subsequent to Feb. 1, 1949 after deducting preferred dividend and sinking fund requirements, (b) \$100,000 and (c) proceeds of any junior stock sold after Feb. 15, 1949; nor if junior stock plus consolidated surplus is less than 125% of sum of consolidated surplus is less than 125% of sum of consolidated funded debt and involuntary liquidation value of preferred, and stock of equal or superior rank, computed on next preceding June 30 or Dec. 31.

VOTING RIGHTS—Has no voting power unless dividends for one year are in arrears, when preferred voting as a class has right to elect one-third of, but not less than two, directors.

when preferred voting as a time two, dislect one-third of, but not less than two, dislect one-third of, but not less than two, dispections.

Consent of 66 2/3% of preferred necessary to reclassify or change terms of preferred adversely or create any prior stock; or to issue any preferred, or prior or equal stock, or create, assume or guarantee any funded debt, unless as of preceding June 30 or Dec. 31 the sum of par or stated value of junior stock and consolidated surplus (as defined) is at least 125% of consolidated funded debt plus involuntary liquidation value of all outstanding preferred and stock of superior or equal rank.

Consent of majority of preferred necessary to create any equal stock, or increase authorized preferred or equal stock.

Liquidation value of all outstanding preferred preferred necessary of the submontive industry and to some extent by the maturess and furniture upholstery trades.

Consent of majority of preferred necessary to create any equal stock, or increase authorized preferred or equal stock.

Liquidation value of all outstanding preferred necessary to create any equal stock, or increase authorized preferred or equal stock.

PREEMPTIVE RIGHTS—None.

CALLABLE—As a whole or in part on at least and time to each Jan. 15 (CALLABLE—As a whole or in part on at least incl. as follows (2 per share plus dividends):

10 days' notice at any time to each Jan. 15 (CALLABLE—As a whole or in part on at least incl. as follows (2 per share plus dividends):

11 Jan. 1950 company introduced "Sky-tex"—cotton eneased in latex—which is used principally by the automotive industry and to some extent by the maturess and furniture upholstery trades.

Company also makes thermal and acoustical hair and jute products.

Preservy: Owns and operates a plant in Linden, N. J. Also operates a plant in St. Louis, Mo. leased in 1946.

In 1939, company introduced "Sky-tex"—cotton eneased in latex—which is used principally by the automotive industry and toscillations.

In 1939, company introduced "Sky-tex"—cotton enease

dends.

PREEMPTIVE RIGHTS—None.

CALLABLE—As a whole or in part on at least
30 days' notice at any time to each Jan. 15
incl. as follows (\$ per share plus dividends):
1853, 53; 1858, 52½; thereafter 51½. Stock so
acquired may not be reissued.

Also callable for sinking fund (which see)
at special redemption prices to each Jan. 15
incl., as follows (\$ per share plus dividends):
1953, 51¾; 1958, 51¾; thereafter, 51½.

SINKING FUND—Annually and cumulative,
3 1/3% of total shares issued, by purchase or
call. Company may anticipate future requirements.

call. Company may anticipate future requirements.

TAX STATUS—Company will reimburse Pennsylvania personal property tax not exceeding eight mills on taxable value.

PURPOSE—Proceeds of preferred, common and 4% note financing to acquire assets of Bryant Heater Co., Day & Night Manufacturing Co. and Payne Furnace Co., for capital expenditures and working capital.

TRANSFER AGENT—New York Trust Co., New York and National City Bank of Cleveland.

With warrant.

EWITH WATTANT.

2. Affiliated Gas Equipment, Inc. commen; par \$1:
AUTHORIZED—2,000,000 shares; outstanding, Jan. 1, 1952. 1,216,020 shares; reserved for warrants. 40,000 shares; reserved for stock purchase plan 9,000 shares; par \$1.
DIVIDENDS—
1949. \$0.52½ 1950... \$0.65 1951... \$0.60 [I]TO Mar. 15.
DIVIDEND LIMITATION — See preferred stock and term loan, above.

stock and term loan, above.

VOTING RIGHTS—Has one vote per share, with restrictions, see preferred above, with right to cumulative voting for directors. PREEMPTIVE RIGHTS—None. TRANSFER AGENT—New York Trust Co., New York and National City Bank of Cleveland.

land.

REGISTRAR—Bankers Trust Co., New York and Central National Bank of Cleveland. LISTED—On New York and Midwest Stock Exchanges.

OFFERED—See preferred, above.
(200,000 shares) at \$10.65 to small group of investment trusts and private investors in Feb., 1950. Issued (together with \$1,100,000

Capital Stock: 1. Affiliated Gas Equipment, inc. 33 cumulative preferred; par \$50:
AUTHORIZED—37,332 shares; outstanding, 55,060 shares; in treasury, 2,272 shares; par \$50.
PREFERENCES—Has preference for assets and dividends.
DIVIDEND RIGHTS—Entitled to cumulative dividends of \$3 per share annually, payable quarterly, Mar. 15, etc. to stock of record about Mar. 1, etc.
DIVIDEND RECORD—Initial dividend of \$1 per share for each preferred share, void after bridge of the paid Mar. 20, 1949. Regular quarterly dividends paid thereafter.
DIVIDEND LIMITATION—See term loan, above.
DIVIDEND RESTRICTION—Company may not pay any cash dividend on or acquire junior stock if such disbursaments exceed sum of (a) consolidated net income subsequence.

ALLEN INDUSTRIES, 1NC.

chased to Dec. 31, 1851, 12,950 shares.

ALLEN INDUSTRIES, INC.

Histery: Incorporated in Delaware May 31, 1927, to acquire capital stocks and assets of Detroit Bedding Co. (incorporated in Michigan in 1915) and Detroit Bedding Co. (incorporated in Onio in 1925).

In 1934 company acquired Plymouth Felt Products, Inc., which company was dissolved on Jan. 3, 1936, all of its properties and interests being conveyed to Allen Industries, Inc.

lerests being conveyed to Atlen andulus.

Inc.

Business: Principally engaged in manufacture and sale of cotion, felt and jute fibre products for use in automobile upnoisering and body construction, and of rug and carpet cushions and linings for domestic and general

Directors E. J. Allen, J. J. Tobias, R. G. Olson, H. C. Allen, David Schimmel, H. Raufman, O. A. Markus.
General Counsel: Freud, Markus, Gilbert & Lubbers, Detroit, Mich.
Annual Meeting: Third Monday in April.

No. of Stockholders: Dec. 31, 1951, 1,748.

No. of Employees: Dec. 31, 1951, 1,888. General Office: Leland Avenue at G. T. R. B., Detroit 7, Mich.

| Sincome Account, years ended Dec. 31: 1951 | 11 | 1951 | 12 | 1951 | 12 | 1951 | 12 | 1951 | 12 | 1951 | 12 | 1951 | 12 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 | 1951 31: 1950 833.973.817 29.145.687 1.926.538 2.901.592 19.863 2.921.452 29.080 12.763 1.220.000 Net sales Net sales
Cost of sales
Selling, etc., exp.
Net earnings
Other income
Total income
Interest
Less equip sold

	,	,		
Sales	and Eern i	ngs, years	to Dec.	31 (in \$):
		Net	No. of	Earn.
	Sales	Income	Shares	on Com.
1951	30.663.811	1.007.326	559.200	1.80
1950	33.973.817	1.488.547	559.200	2.66
1949	24.794.899	1.003.082	559,200	1.79
1948	27,174,812	1,179,950	559,200	2.11
1947	23,353,059	1.201.061	559,200	2.15
1946	14.300.195	742.848	279.600	2.66
1945	5.897.304	206.426	271,200	0.78
1944	6.876.033	395.944	262.800	1.51
1943	5.466.537	371.913	262,800	1.41
1942	7,324,421	374,059	262,800	1.42
Balan	ce Sheet.	at of Dec.	31:	

1844 0.8/0.033	395.944 Z62.8	00 1-91
1943 5.466.537	371.913 262,8	00 1.41
	374,039 262,8	
Balance Sheet, as	of Dec. 31:	
Assets:	1951	1950
Cash	\$1,989,407	\$1,917,042
TRaw matl.	2.425.381	2,542,552
II Finish. prod., etc.	359.771	625,906
Receivables, net _	1,136,864	2,256,379
Total current.	\$5,911,423	\$7.341,879
Bldg. & equip	5.807.078	5.814.096
Depreciation	1.289.612	1,544,516
Net bldg., etc	4.517.466	4,269,580
Land	197,315	197.315
Lshold, impr., net	40,289	40.498
Life ins., cash val.	43,159	40,294
Other assets	63,732	15,652
Prepayments	172,057	155,799

Total \$10,945.441 \$12,061,017

MOODY'S MANUAL OF INVESTMENTS

AMERICAN AND FOREIGN

INDUSTRIAL SECURITIES

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•	
MO	ODY
beginning 1848, an amount sufficient deem on next following Dec. 31, 2% of mum number of preferred shares there at any time outstanding. Credit misken at sinking fund redemption pripreferred acquired other than through sund. Sinking fund payments are cumu. Any balance of at least \$10,000 in sinking to be used to redeem preferred. Callable for sinking fund on at least 30 notice to Nov. 30, incl., at prices per (plus dividends), as follows: 1950\$104.00 1935\$103.50 1960 IDATER NOV. 30, 1970\$102.00 ID1870 TMATTER NOV. 30, 1970\$109.00 ID1870	to te-
deem on next following Dec. 31, 2% of	maxi-
at any time outstanding. Credit m	ay be
taken at sinking fund redemption pri	ce for ;
fund. Sinking fund payments are cumu	inking lative
to be used to redeem preferred.	g fund
Callable for sinking fund on at least 30 motice to Nov. 30, incl., at prices per	days' :
(plus dividends), as follows:	
1965 102.50 1970 102.00 11970	101.50
MAfter Nov. 30, 1970. PURPOSE—Net proceeds applied in par	101.50 (t, with
PURPOSE—Net proceeds applied in par other funds, to redemption of \$4,000,00 4s, due 1959; balance added to general TRANSFER AGENT—State Street Tru	0 first
TRANSFER AGENT—State Street Tru	st Co.,
Boston. REGISTRAR-First National Bank, Bo	
OFFERED-(30.000 shares) at \$101.50 way	chera '
(proceeds to company \$98.50 per shall bec. 11, 1945, by a syndicate headed in First Boston Corp., Boston, page 1981, 1980, 1981	re) on 1 by the
First Boston Corp., Boston. PRICE RANGE— 1952 1951 1950 1941	9 1948
High 89 % 97 % 97 % 91	95
Low 87 87 9314 85 2. S. D. Warren Co. stock; no par: AUTHORIZED—1.200.000 shares; outsts	9236
AUTHORIZED-1.200.000 shares; outsts	inding.
Dec. 31. 1952, 811,520 shares; no par (c) from \$100 par to no par Feb. 15, 1929; i par shares issued for each \$100 share; shares split 4 for 1 Feb. 28, 1947).	ive no
par snares issued for each \$100 share; shares split 4 for 1 Feb. 28, 1947).	no par
DIVIDEN'DS PAID—	
1929	\$1.75 2.75
1933 1.75 1939 2.50 1940	3 130 (
1941 3.25 1942 2.25 1943 194445 2.25 1946 3.00 1947	1.00
On no rar shares after 4-for-1 split: 1947 0.75 1948 1.20 1949 1951 1.15 1952 191953. 0.25	1.40 1.00
1951 1.70 D1951 1.15 1952	
1953. 0.25 UIncludes \$0.40 paid prior to 100%	stock
Alvidand	
ITO Mar. 3. DIVIDEND LIMITATIONS—See first 4: bank loan and preferred stock above. TRANSFER AGENT—State Street Tru:	. 1972.
TRANSFER AGENT—State Street Trus	st Co
Boston.	
REGISTRAR—Pirst National Bank, Bos PRICE RANGE— 1952[1951 1950 1949	1040
High 16% 18% 32 18	20
Low 13% 15 18 12 TAfter stock dividend; before, 36-34	4.
WESTERN CONDENSING CO.	1
Mistery: Incorporated under Californi	a lawe
pany of the same name incorporated i	n 1912
Business: Company is engaged in the r	n 1927
Mistery: Incorporated under Californi on Apr. 1, 1937 as a consolidation of a peny of the same name incorporated i and Pacific Auxiliary Co. incorporated i and Pacific Auxiliary Co. incorporated i gusiness: Company is engaged in the p sing of fluid whey, a by-product in the facture of cheese or casein, for product whey powder, riboles, a riboflayin concer-	manu-
whey powder, riboine, a riboflavin conce used to fortify whey powder, lactore of sugar, concentrated skimmilk con-	ntrate
used to fortify whey powder, lactose of sugar, concentrated skimmlik conc	r mils iensed
whey and whey solids, condensed butto and dried skimmilk. Products are used ingredient in mixed foods for poultr	ermilk 49 an
ingredient in mixed foods for poultr	yand
livestock and in the manufacture of dru infant foods.	
Preperties: Company owns or operat der lesse 32 plants in California. Min: New York, Oregon, Wisconsin, Idaho, I. Washington, Wisconsi, Ohlo and Coned	es un- nesota, llinois,
New York, Oregon, Wisconsin, Idaho, I	llinois,
Westington, Missouri, Onto and Canen	a . ;
Subsidiary: Peebles Products Ltd. (Cowas organized in Dec., 1946, as wholly-	owned
was organized in Dec. 1946, as wholly- subsidiary, with plants at Cornwall, Or Napierville, Que.	
Officers: D. D. Peebles, Pres.; George	Tooby.
Officers: D. D. Peebles, Pres.; George Exec. Vice-Pres. and Gen. Mgr.; N. E. 7 Vice-Pres. and Ast. to Pres. Ellis Senior Vice-Pres. (Sales); R. W. Co Vice-Pres. (Sales); I. C. Roberts, Vice(Purch.); K. W. Ward, Vice-Pres. and Gen. Mgr.; E. C. Joppas, Sec. and Treas.; P. E. Cooper, Treas.; J. K. Enos Sec. O. M. Vaskey, Ast. Treas.; J. E. V.	Caylor,
Senior Vice-Pres. (Sales): R. W. Co	Hart, olidge,
Vice-Pres. (Sales): I. C. Roberts, Vice- (Purch.): K. W. Ward, Vice-Pres. and	e-Pres. I
Gen. Mar.: E. C. Joppas, Sec. and	Asst.
Treas.: P. E. Cooper, Treas.: J. K. Enos	ASST.

L)	PRICE RANGE-1952, 21-17; 1951,
d	AFFILIATED GAS EQUIPM
y.	INC. History: Incorporated under De
r, t,	Aug. 7. 1948 to acquire assets of B er Co., Day & Night Manufacture
e, s.	Payne Furnace Co., subsidiaries Industries. Inc.
t.	In 1952 acquired Toronto Har- Co., Ltd.
t.	Business: Company manufacture ing equipment, water heaters and

Treas: P. E. Cooper, Treas: J. K. Enos. Asst. Sec.; O. H. Yeakey, Asst. Treas: J. E. Woody, Asst. Compt. and Asst. Sec. Directors: D. D. Peebles, Eaton Taylor, San Francisco: Ellis Hart, Petaiuma. Cal.: George Tooby. H. H. Pelkey, Appieton. Wis. General Counsel: Heber H. Pelker, Appleton, Wis.

Auditors: Lester Herrick & Herrick. No. of Stockholders: Dec. 31, 1952, 1,075. No. of Employees: Dec. 31, 1952, 876. Office: 411 Battery St., San Francisco Cal

Consolidated Income	Account.	years ended
Mar. 31:		1951
Product sales	\$16.565.261	\$13,536,484
Costs & gen. exp	11.775.596	9.628.514
Selling, etc., exp.	1.358.388	1.186.034
Depreciation	875.422	841.496
Net earnings	2.553.955	1.880.440
Other income	64.051	203.965
Total income	2.619.006	2.084.405
Interest	61.975	60.084
Devel. & research.	\$53,245	460.964
Income taxes	1.083.047	640.934
Net profit	921.639	922,423
Prov. earn. surp	4.304.882	3.905,809
Common divs.	523.350	523,350
Pr. yr. inc. tax	CT 380.373	******
Earn, surplus, 3-31.	5.083.544	4.304.882

<u> ''S MANUAL OF INVEST</u>	MENTS	74
Sales and Earnings, years to Mar. 31 (in \$): Prod. Net No. of Earn.	Defense Backleg: Dec. 31, 1952, Consolidated Income Account,	\$45,000,000.
Sales Profit Shares on Com.	Dec. 31: 1952	100
1932 16.565,261	Sales	\$41.083.83 35,834.93 711.62 377.88
1950 17 97K D79 1.200 58K 34K 900 3 44	Depreciation 894.375	711.62
1949 12:717.037 813:113 341.900 2:38 1948 10:324.170 679:307 341.220 1:99	General taxes	377,82 4.159.39
1947 11.638.636 1.405.796 341.710 4.11	Other income 175.372 Total income 3.926.252	237.35
1948 10.324.170 679.307 341.220 1.99 1947 11.638.636 1.405.796 341.710 4.11 1946 9.599.404 427.973 337.560 1.27 1945 8.562.640 216.765 8.433 34.29	Interest 479.335	4.159.39 237.33 4.396.74 358.26 78.72
Consolidated Balance Sheet, as of Mar. 31: Assets: 1952	Other deductions 75.475 Fed. income taxes 1,785,000	78.72 2.045.00
Cash 52,151,336 \$954,332	Excess profits tax.	205.00
Receivables 914 441 1 217 157	Excess profits tax. Pr. yrs. tax adj. cr 223.433 Net inceme	205.00 cr 97.99 1.807.76
Elnventories 1.689.462 2.112.202 Mfg. & opr. suppl. 1.017.790 697.212 Prepayments 104.215 127.710	Earn. surp., 1-1 3.372.607	2.139.33
Prepayments 104.215 127.710	FIELESTED MIVS 100.001	108.08 486.40
	Common divs. 457.013 Earn. surp., Dec. 31 4.600.782 Earn., pfd. share 553.58 No. of pfd. shares. 33.950 Note: Company is subject to termination and renegotiation of contracts for 1952 and believes rewill not be of material effect. Combined Sales and Earnings, Dec. 31 (in 5).	486.40 3.372.60 \$51.5
Plant and equip 10.254.607 9.411.071	No. of pid. shares. 33.950	35.06
Depreciation 5.119.001 4.519.041 Net property 5.135.606 4.892.010 Land 125.358 100.290	Note: Company is subject to	price rede
Depreciation 5.119.001 4.819.041 Net property 5.135.606 4.892.010 Land 125.358 100.290	contracts for 1952 and believes ref	unds, if any
Construction 213.551 Mkt. securities 9.961 9.961	will not be of material effect.	waara anda
Other investment 22,750 22,750		
Life ins., cash val. 52,915 48,930 Other assets 114,533 103,613	Net Net No. Sales Profit Sha	Tes On Con
	1952 54.970.383 1.818.875 1.223.	370 1.40
Total \$11.551.918 \$10,687,227 Liabilities:	- 1951 4 1.083.832 - 1.807.761 - 1.225.	370 1.40 020 1.39 020 1.74 .950 1.52
Accounts payable \$722.887 \$846.027 Notes payable 195.000 272.313	**11949_ 30.900.489 1.665.502 1.021.	950 1.52
Accounts payable \$722.887 \$846.027 Notes payable 195.000 272.313 Income tax prov. 1.044.409 689.136	19/8 - 29.171.260 2.246.314 1.000 1947 - 23,949.678 1.890.540 1.000	.000
Otner accr. taxes . \$8,335 83,242	1310 17.370.739 037.728 1.000.	.000
Oth. secruals 161.229 136.113	1945 30.670.636 1.251.671	
Total current . S2.211.860 \$2.026.831 Long-term debt . 1.563.000 1.369.000		
The address was 902 AAA	GYear ended Dec. 31: prior yes Consolidated Balance Sheet, as	ers to Oct. 3 of Dec. 31:
1.723.750 1.723.750	Assets: 1952	1951
Paid-in surplus 959.764 969.764 Earned surplus 5.083,544 4.304.882	Cash	4.126.46
	Receivables, net 4,509,403 [Mater, & suppl. 6,922,930 [Mork in process 3,240,532 Reimburs, costs 1,535,623	\$9.221.49 4,126.46 6,515.63 3,141.69
Total \$11.551 918 \$10.687.227 Net current nesets \$3.695.384 \$5.482.842 Net tang. com. sh. \$22.29 \$20.06	diFinish. products. 4.225.673	3.033.0
Met tang. com. sh. 522.29 \$20.06 MRepresented by 348.200 par 52.50 shares.	Reimburs costs 11.535.023 Deferred costs 11.535.023	2.089.53 4 66.8 8
ZAt lower of cost (first-in, first-out) or		
market. Term Lean: Outstanding, Mar. 31, 1952, 31	Total current . \$28.891.874 Land. bldgs etc 9.247.951	\$29.347.60 8.497.03
750,000 evidenced by 3.7% notes payable \$120,- 000 annually plus the lesser of 3100,000 or 20%	Depreciation, etc., 2.411.141	1.511.34
of net income over \$300,000 exclusive of Ca-	Net property 6.833.819 Empl. stk. purch. 44.000	6.873.18 72.00
nadien subsidiary. Other details not reported.	Tax claim	31.81
Capital Stock: L. Western Candensing Co.	Non-curr. receiv. 36.337 Deferred charges 425.382	437 07
AUTHORIZED—500,000 shares: outstanding.		555,027,43
Mar. 21, 1952, 348,900 spares; par 52,50.	Liabilities:	
VOTING RIGHTS—Has one vote per share with cumulative voting for directors.	Notes payable S8.082.009 Acets, pay, etc. 4.733.400	58,731,00 3,900,56
PREMPTIVE RIGHTS-None	Notes payable \$3,082,009 Accts. pay etc 4.733,493 Fed. income taxes. 1.835,000	2,300,00
share of Golden State Co., Ltd. common for	Total current . \$14.550.403	\$14.3 11.56
each 50 shares held: 1948, S1 cash and one	Notes payable 5.239.060	5.£10.00 1.8~6.60
VOTING RIGHTS—Has one vote per share with cumulative voting for directors. PRFEMPTIVE RIGHTS—None. DIVIDENDS PAID—1947, \$2.25 cash and one share of Golden State Co., Ltd. common for each 50 shares held: 1949, \$1 cash and one share of Golden State Co., Ltd. common for each 50 shares held: 1949, \$1.25; 1950 and 1951, \$1.30; 1952, \$1.85. OFFERED—50.000 shares at \$13.30 per share July 31, 1945 by Dean, Witter & C., San Francisco.	Notes payable 5.279.000 \$7 nfd. xtk. (850) 1.799.900 Com. stock (31) 1.232.270 Paid-in surplus 9.014.687	1.845.60 1.225.02
51.30: 1952, \$1.65. OFFERED-50.000 shares at \$13.50 per share.	Paid-in surplus . 9.014.697	1.225.02 9,078.04 3,072.66 15,492.56 116.70
July 31, 1945 by Dean, Witter & C., San Fran-	Earned surplus 4.500 792 Total 16.639,749 EPeacq, stock 103,411	15.492.59
TRANSFER AND DIVIDEND DISBURSING	Peaco, stock 103,411 Net sik & surp. 16,535,233	116.70 15,375.86
AGENT—Company, REGISTRAR—Bank of America N. T. & S. A.,	14C1 W.10. CC 301.D. 10	
San Francisco.	Total \$36,423,741 Net current assets \$14,241,471	\$36.027.47 \$13.716.04
PRICE RANGE—1952, 21-17; 1951, 1915-1615.	Net current assets 514.241.471 Net tang. com. sh. 512.12	\$11.1

MENT,

laware laws Bryant Heat-ing Co. and of Dresser dware Mig.

Co. Ltd.

Business: Company manufactures gas heating equipment, water heaters and air conditioners Sold under erand names of Bryant. Day & Night and Payne. Also various defense products including parts for medium tanks, sholls, rockets and aircraft.

Preparties: Owns in fee plants in Monrovia, Cal. Indianapolis. Ind and Cleveland. O. with total floor space of 640,000 sq. ft. and leases plants in Tyler, Texas, and Cleveland, Ohio.

leases plants in Tyler, Texas, and Cleveland, Ohio.
Ohioers: L. C. Harvey, Pres. and Gen. Mgr.: W. J. Bailey, Jr., Vice-Pres.: P. W. Scoti, Vice-Pres.: Sec. and Treas: G. A. Kautz. Cont., J. A. Hughes, Vice-Pres.
Directors: L. C. Harvey, W. J. Bailey, Jr., J. F. Robinson, N. A. McKenna, F. H. Beam, W. A. McAfee, A. L. Billingsley,
Auditers: Ernst & Ernst.
General Counsel: McAfee, Grossman, Taplin,
Hanning, Newcomer & Hazlett, Cleveland, O.
Annual Meeting: April 30, 1952.
No. of Stockholders: Dec. 31, 1951: Preferred, 420: common, 6,200.
No. of Employees: Dec. 31, 1952, 2,355.
Executive Offices: 17877 St. Clair Ave.,
Cleveland 10, Ohio.
Inceptive Componention Fund: Annually,

incentive Compensation Fund: Annually, 10% of net profits after state and Federal income taxes, payable as determined by directors.

Consolidated Incom	e Account	years ended
Dec 31:	1952 \$54.970.383 49.914.251 894.375 410.677 3.750.980 175.372 3.926.252 479.335 75.475 1,785,000	1951 \$41.083.832 35.834.929 711.626 377.885 4.159.392 227.353 4.396.745 358.260 78.720 2.045.000
Sales	49.914.251	35.834.929
Cost & expenses. Depreciation	894.375	711.626
General taxes	410.677	377,885
Net earnings	3,730,380	4,159,392
Other income Total income	110.312	4 396 745
Interest	479,335	358.260
Interest Other deductions	75.475	78.720
Fed. income taxes. Excess profits tax.	1,785,000	78,720 2,045,000 205,000 cr 97,996 1,807,761 2,139,336 108,082 486,408
Excess pronts tax.	cr 223.433 1.818.873 3.372.607 103.697 457.013 4.600.782 \$53.38 33.950 subject to	203,000
Pr. yrs. tax adj Net income Earn. surp., 1-1	1.318.873	1.807.761
Earn. surp., 1-1	3.372.607	2.139.336
Preferred divs	103.597	108.082
Common divs.	4 600 782	3 372 507
Earn., pfd. share	\$53.58	\$51.56
No. of pfd. shares.	33,950	486.408 3.372.607 \$\$1.56 35.060
Note: Company is	subject to	price rede-
contracts for 1957 and	helieves ref	unde if any
will not be of materi	al effect.	
Common divs. Earn. surp., Dec. 31 Earn., pfd. share No. of pfd. shares Note: Company is termination and rene; contracts for 1952 and will not be of materi Combined Sales and	d Earnings,	years ended
Oct. 31 (in 5): Net Sales		
Net Cales t	Net No. Profit Sha	of Earn.
1952 54.970.383 1.8	Profit Sha 16.875 1.223. 07.761 1.225. 41.336 1.222.	370 1.40
1951 41.083.832 1.8 1950 43.215.910 2.2	07.761 1.225.	370 1.40 020 1.39 020 1.74
1950 43,215,910 2.2 191949_ 30,900,489 1.6	41.336 1,222.	020 1.74
M1949_ 30.900.480 1.6	65.502 1.021	950 1.52
1047 29 040 879 1 8	40.314 1.007 90.540 1.000	.000
1916 17,370,759 6	37.728 1.000	.000
1943 30,600,636 1.2	51.671	
1941 33,306,656 7	84.818	
1943 37.411.099 8	Front Sha 18.875 1.223. 17.761 1.225. 41.336 1.222. 46.5102 1.021. 46.214 1.000. 37.728 1.000. 37.728 1.000. 37.728 1.000. 37.728 1.000.	
Consolidated 22 and	e Sheet, as	of Dec. 31:
M1949_ 30,900,489 1.6 1976_ 23,171,260 2.2 1947_ 23,949,678 1.8 1914_ 17,370,759 6 1945_ 33,766,656 1.2 1941_ 33,766,656 7 1943_ 37,411,099 8 Uyear ended Dec. 5 Consenidated Salamo Assets:	1952	of Dec. 31: 1951 \$8.221,498 4,126,461 6,515,630 3,141,699 3,635,844 2,089,533 466,882
Cash,	\$7,926,020 4,509,403 6,929,390 3,240,532 4,225,623 1,525,023 519,273	\$8.221,495
Cash Receivables, net [Mater. & suppl Myork in process Alfinish, products	4.509.403	4,126,461
Work in process	3 240 532	9.313.03U
AlFinish, products. Reimburs, costs	4.225.673	3.635.844
Reimburs, costs	1.535.023	2.089.533
Deferred costs	519.273	466.882
Total current .	\$28.891.874 9.247.951 2.414.141 6.875.310 44.000 158.629 36.327 425.282	\$25.247.606 8.457,032 1.511.346 6.875.186 72.000
Land, bidas., etc.,	9.247.951	8.497,032
Depreciation, etc	2.414.141	1.511.346
Net property Empl. stk. purch	6.873.810	6.873.183
	44.000	12.000
Non-curr, receiv.	36.377	31.810
Non-curr, receiv. Deferred charges .	425.582	437 021
E - 4 - 1		PC: 003 424
Total Liabilities	\$36.423.741	556.027.426
Notes payable	\$3,052,009	58,731,000
Notes payable Acets, pay, etc Fed, income taxes.	\$3,082,009 4,733,490 1,805,000	58,751,009 3,509,563 2,309,000
Fed. income taxes.	1.835.000	2,500,000
Total current .	\$14,650,403 5,239,000 1,739,300 1,223,270 9,014,620 4,600,792 16,633,749 103,411 16,735,233	\$14 3 11 563
Notes payable	3,239,000	5.270.000
Notes payable \$3 pfd. stk. (\$50) Com. stock (\$1)	1.739.300	\$14.3 11.563 5.820.000 1.856.600
Com. stock (S1)	1.233.270	1.225.020
Paid-in surplus	4 600 797	1.8~5.600 1.225.020 9,028.240 3,372.607 15.492.567 15.704
Earned surplus Total Telegraphy stock Net silk & surp.	16,633,743	15.492.567
Treacq. stock	103.411	116.704
Net sik & surp.	16.535,333	19,519,560
Total	536 123 741	\$26,027,426
3704		
TASE GHILLSHIE SEES.2	\$14.244.471	513.715.043
Net tang. com. sh.	\$14.244,471 \$12.13	\$13.715.043
Net tang com sh. TAt lower of stand	\$14.244.471 \$12.12 ard cost or	\$13.715.043 \$11.12 market.
Total Net current assets Net tang, com. sh. TAt lower of stand EPreferred shares 2272 Term Leans: Outsta	\$14.24±.471 \$12.12 ard cost or at cost: 195	\$13.715.043 \$11.12 market. 2. 2.043; 1951.

Term Leans: Outstanding. Dec. 31, 1952, \$3.-820,000. Dated Jan. 18, 1949, interest 4% per annum, payable F&A 1.

Loan, as amended to Feb. 15, 1951, payable \$400,000 each Feb. 1 beginning 1952, plus 10% of net income after taxes for preceding fiscal year payable each Apr. 15, beginning 1951; balance due Feb. 1, 1964. Notes are not secured.

balance due Feb. 1, 1954. Notes are not secured.

Company may not pay any cash dividend on or acquire any capital stock if such disbursements exceed the sum of 'at net income and proceeds of sale of capital stock after Dec. 31, 1953 (except initial financing), and (b) \$1,000,000. Company is to maintain excess of current assets over current liabilities at least creater of \$4,000,000 or 150% of total debt (as defined). At Dec. 31, 1952, \$3,269,738 of retained income was not so restricted.

Bank Credit: Outstanding, Dec. 31, 1952, \$7,500,000 evidenced by 90 day 3½% notes guaranteed by U. S. Government. Issued under revolving credit providing for maximum borrowings of \$9,000,000 to Dec. 31, 1953.

Working capital shall be not less than \$9,000,000 plus an amount equal to any additional funded debt incurred.

Capital Stock: 1. Affiliated Gas Equipment, Inc. 53 cumulative preferred: par \$50: AUTHORFZED—35.998 shares: outstanding, 33.950 shares: par \$50. PREFERENCES—Has preference for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends of \$3 per chare annually, payable quarterly, Mar. 15, etc. to stock of record about Mar. 1, etc.

750 DIVIDEND RECORD—Initial dividend of Si cents paid Mar. 20, 1949. Regular quarterly dividends paid thereafter DIVIDEND LIMITATION-See term loan. DIVIDEND RESTRICTION--Company DIVIDEND RESTRICTION—Company may not pay cash dividends on or acquire junior stock in excess of consolidated net income after Feb. 1. 1949 plus \$500.000 and proceeds of junior stock sold: nor if junior stock plus consolidated surplus is less than 125% of consolidated funded debt and involuntary liquidation value of preferred, and prior or acqual stock equal stock.

VOTING RIGHTS—Has no voting power unvoting didends for one year are in arrears,
when preferred voting as a class has right to
elect one-third of, but not less than two. dielect one-third of, but not less than two, directors.

Consent of 66 2/3% of preferred necessary to reclassify or change terms of preferred activersely or create any prior of could stock or to issue any preferred. Or prior or equal stock or receate, assume or suarantee any funded debt, unless as of preceding June 30 or Dec. 31 the sum of par or stated value of funior stock and consolidated surplus (as defined) is at least 125% of consolidated funded debt plus involuntary liquidation value of all outstanding preferred and stock of superior or equal rank. Consent of majority of preferred necessary to create any equal stock, or increase authorized preferred or equal stock. LIQUIDATION RIGHTS—in liquidation entitled to \$50 per share if involuntary, and optional call price if voluntary, plus dividends. dends.
PREEMPTIVE RIGHTS-PREEMPTIVE RIGHTS—None.
CALLABLE—As a whole or in part on at least 30 days; notice at any time to each Jan. 15 incl. as follows (\$ per share plus dividends): 1953. 33: 1958, 5234; thereafter 514. Stock so acquired may not be reissued.

Also callable for sinking fund (which see' at special redemption prices to each Jan. 5 incl. as follows (\$ per share plus dividends): 1953, 5134; 1958, 5145; thereafter, 5146.
EINKING FUND—Annually and cumulative. 3 1/3% of total shares issued, by purchase or call. Company may anticipate future requirements. -None call. Company may anticipate the company may anticipate the company will reimburse WARRANTS—For details, see below.

TAX STATUS—Company will reimburse Pennsylvania personal property tax not exceeding eight mills on taxable value. PURPOSE—Proceeds of preferred, common and 4% note financing to acquire assets of Bryant Hester Co.. Day & Night Manufacturing Co and Payne Furnace Co. for capital expenditures and working capital.

TRANSFER AGENT—New York Trust Co.. New York and National City Bank of Cleveland. land.

REGISTRAR—Bankers Trust Co.. New York and Central National Bank of Cleveland.

OFFERED—40,000 shares \$3 cumulative preferred (par \$80) with non-detachable common stock warrants, and 1,000,000 common shares (par \$1) offered at \$50 per unit of one preferred share and warrant to purchase one common share, and at \$9.25 ner common shares (proceeds to company \$46.75 and \$8 respectively) on Jan. 13, 1949 by a syndicate headed by Reynolds & Co.. New York.

LISTED—On New York and Midwest Stock Exchanges. LISTED Exchanges.
PRICE RANGE— 1951 53 474 1952 1950 55% 48% High....Low 51 48 With warrant. 2. Affiliated Gas Equipment, Inc. common: par \$1:
AUTHORIZED—2.000.000 shares: outstanding, Jan. 1, 1,217.870 shares; reserved for warrants. 40,000 shares; reserved for stock purchase plan, 46,500 shares; par \$1.
DIVIDENDS—
1949... \$0.52\(\frac{1}{2}\) 1850... \$0.65 1951... \$0.60
1952... 0.40 []1953. 0.10 1952... 0.40 [D1953. 0.10 | DTO Mar. 17. DIVIDEND LIMITATION — See preferred Stock and term loan, above.

VOTING RIGHTS—Has one vote per share, with restrictions, see preferred above, with right to cumulative voting for directors.

PREEMPTIVE RIGHTS—None.

TRANSFER AGENT—New York Trust Co., New York and National City Bank of Cleveland.

land.
REGISTRAR—Bankers Trust Co., New York and Central National Bank of Cleveland.
LISTED—On New York and Midwest Stock

Stock Options: Outstanding. Dec. 31, 1952, options held by officers and employees to purchase 46,500 shares at \$8.25 per share.

ALBANY GARAGE. INC.

ALBANY GARAGE, INC.
Incorporated under New York laws in 1905 as Albany Garage Co.; name changed to Albany Garage & Appliance Distributors. Inc.
Aug. 1 1944; present name adopted Feb. 2 1948.
Business: Company sells cars. refrigerators and automobile supplies: operates a garage and rents stores and office space.
Property: Consists of a garage and office building with a total floor area of about 256,200 square feet occupying entire block bounded by Howard, William, Beaver and Lodge Streets. Albany N Y
Officers: Stephen Brown, Pres.: P. D. Mashburn, R. H. Craig, Vice-Pres.: P. E. Smith, Tress: Mabel A. Rider, Sec.
Directors: P. D. Mashburn, Joseph Betch, Jr., Stephen Brown, Mahel A. Rider, H. J. Kneip, P. D. Kiernan, R. H. Craig, Annual Meeting: First Monday in Feb. No. of Employees: Dec. 31, 1952, 56, No. of Employees: Dec. 31, 1952, 210, Office: 27 Roward St. Albany N Y Income Account, years ended Dec. 31:

Gross sales	\$€.591.518	\$7.359.153
Gross profit	329.237	421.571
Oper. expenses	135.753	136.G78
Taxes	33.955	42.389
Interest	24.341	25.655
Decreciation		23,310
I Net profit	114.428	172.538
Dividends	24,000	48.000
Surplus for year		157.533
Before Federal		
000; 1951, \$82,000.	MICOINE TRACE;	1002, 1900.

Esrmed per Share, before Federal income taxes, years to Dec. 31:
1952 1951 1950 1949 1948 1947 1946 51:91 \$2.87 \$35.92 \$22.16 \$42.75 \$33.55 \$18.25 \$Based on 60,000 shares in 1952-51; prior years 6,000.

Balance Sheet, as of Dec. 21:
Assatz: 1952 1951

Belance Sheet, as
Assets:
Real estate
Less: Deprec. res.
Balance
Equipment
Rl. est.—Menands.
Cash
Accts. receiv., net
Inventory (cars)
Other inventory
Life ins. cash val.
Prepayments 1952 \$1.324.448 471.595 852.850 1951 \$1.324.448 431.685 872,763 29.342 180.769 30.812 131.514 442,103 235.283 402.937 394.510 275.269 628.974 35,960 16,243 34.901 Total ____ \$2,195,513 82,239,636 \$600,000 BEAD DOD

Liabilities:
Capital stk. (\$100).
Mortgage, 1956
Accts. payable
Custom. deposits
Notes payable
Accruals
Retain. earnings 408,999 513,394 14,782 390.173 368.456 272,500 272,500 60.440 514,520 49,062 515,322 Total \$2,195,513 \$2,289.636
Funded Debt: 1. Albany Garage, i.c. 3%-\$2,289,836

Funder Dent: I. Albany Garage, Sic., 1%-4% merigage loan:
Outstanding, Dec. 31, 1952, \$390,172. Issued to Mutual Benefit Life Insurance Co. of Newark.
N. J. Dated Nov. 1, 1848; due May 1, 1976 Interest at 3% to May 1, 1948, inci.; 4% thereafter.
Caultai Stacks: 1, Albany Garage, Inc. et al.

Canital Stock: L. Albany Garage, Inc. stock: par \$10:

par 510:
Authorized. 60.000 shares; outstanding, 60,000 shares: par \$10 (changed from \$100 par Feb. 5, 1851, ten \$10 shares issued for each \$100 share). Dividends averaged 8% per annum in 21-year period ended 1927: 1928, 12%; 1923, 16%; 1939, 5%; 1931 to 1945, none; 1946, 5%; 1947, 5%; 1948, 10%; 1949 to 1951, incl., 8%; 1952, 4%. Transfer Agent: Stock transferred and registered at company's office.

ALUMINUM INDUSTRIES, INC.

Wistory: Incorporated in Ohio, Jan. 10, 1927.

In Aug., 1927. acquired the Kant-Skore Piston
Co. and Robert J. Anderson. Inc. Demond
Motor Parts Co. acquired in 1929 and Dall Mfg.
Co. in 1935.

Business: Company manufactures alum-

Co in 1935. Company manufactures aluminum alloy pistons and other aluminum alloy pistons and other aluminum alloy pistons and other aluminum alloy, freel and bronze parts for passenger automobiles, trucks, huses, tractors, airplanes, etc.

Also manufactures Permite aluminum paints and varnishes.

Plants: Company has 2 plants at Cincinsati, O., with combined floor area of 282,900 so, ft.

Subsidiaries.

sq. ft.

Subsidieries: B. B. B. Corp., Detroit, is a
wholly-owned subsidiary, acquired in 1935.

In Dec., 1941, company formed The Aluminum
industres. Inc., wholly-owned subsidiary, as

Industres. Inc.. wholly-owned subsidiary, as a sales organization

a sales organization

Officers: T. E. Wood, Chairman; J. W. Craig. Pres.; E. F. Eckerle, Vice-Pres.; J. H. Hater, Sec.; F. Karle, Treas.

Directors: H. A. Benjamin, C. S. Crystal, ET. Divon, E. F. Eckerle, J. R. Favert, H. J. Hater, J. H. Hater, F. X. Karle, N. A. Mc-Kenna, L. O. Richter, T. E. Wood, J. W. Craig.

Adulters: Richard Smethurst & Co.

Annual Meeting: Fourth Monday in Sept.

No. of Stockholders; Dec. 31, 1952, 628. No. of Employees: Dec. 31, 1952, 1,465. General Office: 2438 Beekman St., Cinci

 batt
 25

 Consolidated Income Account, June 30 (from SEC reports):
 1952
 1951

 Net sales
 \$12.674.440
 \$13.267.2

 Cost of sales
 10.748.007
 10.752.7

 Selling, etc., exp.
 1.520.423
 1.506.5

 Operating profit
 406.010
 1.007.9

 Other income
 70.211
 45.5

 Total income
 476.221
 1.053.5

 Other deductions
 179.690
 175.3

 Fed, income tax
 143.476
 416.0

 Excess profits tax
 67.87.371
 119.58

 Net income
 241.026
 342.51

 Previous surplus
 24.55.774
 2.219.25

 Dividends
 90.000
 90.00

 Conting, reserve
 cr 20.783
 16.00
 Net sales
Cost of sales
Selling etc. exp.
Operating profit
Other income
Other deductions
Fed income tax
Excess profits tax
Net income
Dividends
Conting reserve
Surplus 6-30
Sales and Earning 1951 \$13.267.2 10.752.7 1.506.5 1.007.9: 1.553.5 1.753.3 175.3 1416.0 19.58 342.51 2.219.26 0.600 2.455.77

CT 20.783 2.627.583 Conting, reserve 2.6
Surplus, 6-30 2.6
Safes and Earnings, yearn
Net Net Sules Income
1952 12.674,440 241.026
1951 13.267.243 342.516
1950 9.085.335 175.782
1849 3.955.714 182.399
1945 9.297.346 55.160
1947 12.270.154 885.294
1945 6.411.830 4510.212
1945 11.232.297 171.030
1944 11.577.228 294.091
1943 10.291.477 387.538
Commoditated Emission Em ers to Jur No. of Shares en Core 1.20 1.71 200,000 200,000 200,000 200.000 200.000 97,705 97,755 9.06 4 5.22 1.75 2.97 98,955 99,055 3.91

Dalance Cheet as of June 30:

Assets:	1952	1951
Cash	\$317,758	\$264,299
Receivables, net	1,165,556	1.266.425
Tinventories	3,168,321	2,751,644
Total current _	\$4.651.634	34,282,368
Plant & equip	3,276,468	2.984.545
Depreciation	1.114.954	1.004.976
Net property	2,161,514	1,979.569
Emerg. facil	2.613.617	2,238.891
Amortization	2,184,448	2.132.452
Net emerg. facil.	429,189	106.439
Investments	240	240
Patents & devel		2,265
Tax claim	87.971	207 603
Life ins., cash val.	314,995	267,621 19,217
Goodwill	425	2.925
Special deposits Deferred charges	50.661	35.025
Detelled Aller Res	50.001	00,000
Total	\$7,696,609	\$6,715,669
Liabilities:		
Accis. pay., etc	\$1,284.142	\$1,312,634
Notes payable	338.800	434.572
Accrued taxes	161,656	149.463
Fed. incomé tax	351.647	534.594
Total current .	\$2,136,246	\$2,431,262
Notes payable	1,350,000	205,727
Contingency res	2,773	42.900
Common stock	1.580,006	1.580.006
Surplus	2,627,583	2,455,774
Total	37.696.609	\$6,715,669
Net current assets.	\$2,515,388	\$1,851,106
Net tang, com. sh.	\$21.04	\$20.07
77000 000l		

1200,000 no par shares.
2 At lower of cost or market.

Term Lean; Outstanding, June 30, 1952. \$1,500.000 evidenced by mortgage notes dated Mar. 31, 1952, payable \$150.000 annually for first 5 years and \$75,000 each year thereafter. Loan agreement restricts payment of dividends and acquisition of stock to consolidated net income after June 30, 1951. Proceeds used to pay short-term borrowings and for new machinery.

Capital Stock: L. Aluminum Industries, Inc. stock: no par:
AUTHORIZED—500,000 shares: outstanding, 200,000 shares: no par (no par shares split 2-for-1 Dec. 15. 1947 by distribution of one additional share).
DIVIDENDS PAID—

On no per shares prior to 2-for-1 split: 1929... \$1.12½ 1930-31 \$1.50 1922... \$0.37 1933-35 701 1938-.. 0.10 1939... 0.10 1940... 0.45 1942-46 0.60 1939...Nil 1947...[D0.80

On no par shares after 2-for-1 split: 1949-50 0.15 1951-52 0.60

MAlso 1 additional share for each share hald Dec. 15. 1947, to effect a 2 for 1 split.

To Mar. 2.

ISSUED—For acquisition of additional plant facilities and for working capital.

OFFERED—640,000 shares) at \$26.50 per share in Apr., 1928 by W. E. Button & Co., Cincinnati.

TRANSFED

TRANSFER AGENTS—Bank of the Manhattan Co., New York and First National Bank, Cincinnati

York.
Steckholders' Committee: J. H. Rimes.
Chairman: Fergus Reld. Jr., Carll Tucker,
D. Rensoner, A. S. Anderson, J. R. Young.
Jr.

American Sheres: Under a deposit agreement dated Nov. 15, 1935, between Guaranty Trust Co. of New York as depositary and Ennicee Oil Co of Venezuela. C. A. common bearer shates are deposited with Guaranty Trust Co. (now with Empire Trust Co. New York) as depositary and certificates for American shares are issued share for share against shares so deposited.

Outstanding, April 1, 1953, 2,962,916 shares. Dividence in Gelfared on ordinary shares, an conversion into United States of American and conversion into United States of American indicate pre-rayable pre-rata to holders of American shares. Deposit agreement may be terminated it any time on 2 days notice by (1) the registered holiers of £ majority of the American shares then cutsthidling or (2) by the company whenever the certificates cutstanding represent less than 50,000 American shares cutstanding or (3) by the Depositary af any time after the expiration of 37 days following the giving to the company of notice of resignation of the Depositary, provided that a suc-

cessor Depositary shall theretofore have been appointed.

oppointed.

Dividends paid (predecessor company): 1945.
35 cents. 1946 and 1947. 64 cents: Mar. 1, 1948.
56 cents.
Dividends paid on Pantepec Oil Co., C.A.
shares:
1948... \$0.64 1949... \$0.96 1950-52 nil
Dividends declared in Bolivars and converted to U. S. currency at rate of U. S. \$0.32
per Bolivar.
TRANSEYR AGENT. DEPOSITARY AND

TRANSFER AGENT, DEPOSITARY AND REGISTRAR—American Shores; Empire Trust Co., N. Y.

LISTED—American shares listed on the American Stock Exchange and Toronto Stock Exchange.

PRICE RANGE- 1952 1951 1950 1949 11948 High 71s 75s 71s 1115 1414
Low 6 51s 474 675 954
(ill resent company; predecessor, 2214-10.
(ill resent company)

ADDENDA

ACME STEEL CO.

AGME STEEL CO.

Officers (revised): C. J. Sharp, Chairman of Bosard; C. M. MacChesney, Chairman of Exec. Comm.: F. M. Gillies, Pres.: G. T. Avery, Exec. Vice-Pres.: Eartiett Richards. Vice-Pres. (prod.); J. E. Ott, Vice-Pres. (Consumer Prod. Div.); A. E. Wilson, Vice-Pres. (Spec. Prod. Div.); A. L. Moll, Vice-Pres. (Strip Steel Div.); H. L. Bills, Vice-Pres. (Ind. Rel.); W. C. Fork, Vice-Pres. and Prod. Consultant; G. F. Oriffiths, Vice-Pres. (Sales); T. A. Rand, Vice-Pres. and Treas.; D. P. Mullaney, Sec.; Florence A. Aitken, Asst. Sec.; T. W. Bonnevier, Contr.

AEROVOX CORF.

Acquisition: On Apr. 30. 1953 company purchased assats of Cinema Engineering Co.. Burbank, Cal., now operated as a division, manufacturing electronic compenents and equipment, including a packaged theatre installation of sound equipment 3-dimensional

AETNA-STANDERD ENGINEERING CO.

Term Losn: Outstanding, Jan. 1, 1853, \$1,-200,000 evidenced by \$14\% notes, repayable \$150,000 semi-annually to Dec. 31, 195\%. Company agrees to maintain net current assets of at leas: \$1.500,000, and may not pay cash dividends in any one year in excess of \$215,000 plus 75\% of net earnings after Dec. 31, 1950 after deducting note maturities.

AFFILIATED GAS EQUIPMENT, INC. Annual Meeting (revised): Last Wednesday in April.

AGNEW-SURPASS SHOE STORES, LTD. 51/2% Preferred-Additional Details:

Entitled to cumulative dividends of 25 cents per share annually, payable semi-annually J&D 1. In any liquidation, entitled to \$10 per share and dividends.

Callable as a whole or in part on at least 30 days' notice at any time at 510 per share. Company may purchase all or any part of preferred in the open market or by tender at not exceeding redemption price.

Has no voting power except on default of 4 semi-annual dividends when preferred is entitled to one vote per share.

AIR ASSOCIATES, INC.
V-Loan Amended: Company has increased revolving credit to \$9,000,000 and has extended agreement to Dec. 31, 1953, evidenced by 44% notes.

AIRLINE FOODS CORP.

New Centrel: In 1953. a group headed by J. G. Wick, president of Old Judge Coffee Co., a subsidiary, acquired control of company through purchase of entire common stock holdings (205,292 shares) of Jerome and Milton Jennings, former president and vice-president, respectively. Company has 371,000 common shares outstanding.

AIRTEX PRODUCTS, INC.

Income Account:	5 mos. to Nov. 30, 52	Year to June 30,'52
Net sales	\$3,800,341	\$8,749.977
Cost of Kales	3 076.757	6.919.201
Selling, etc., exp.,	G\$5,543	1,603,655
OPERATING PROBLE	101,444	227.122
Other income	45,772	61.234
Total income	147,216	- 238.375

1	Cther deductions -	38.268	225,433 716,403
•	Fed income tax	45,769	TIE.403
• 1	Exc. prof. tax ref.	~~~~~	(Cer 32.304
٠,	Pr. yr. tax adj Not profit Enrn pid. share.		dr 6.3u4
•]	Nat profit	63,179 \$1.63	70,53;
٠,	town mid share	S1 62	\$1.55
. !	Latin, plu. sildie.	G.27	31.30
. }	Enri., com, mais	90 9 60	£4.0
: }	Earn., pid. share. Earn., com. share No. of pid. shares. No. of com. shares	0,27 28,162 160,792	0.14 35.162 760.702
			100.4112
	J.Resulting from Ca	LLA-DECK TORE	provisions.
- (Disregarding pro	rietied Files	ITS.
·i	"I TOCURGED CXCORE I	PORUS TAX.	
٠,	Belance Sheat:		
٠,	Assets.	Nov. 30.152	June 30.'52
	Cash	\$128,056	5122,637
- 1	Receivables, net	1.077.828	June 30.'52 \$122,637 1,120,507
_	Advances	7.150	30.30.
• 1	Eleventories	2,510,760	2,593.395
• 1	Exc. prof. tax rei.	32,304	32.304
۱ ;			
įį	Total current .	\$3.756,099	\$0,907.909
; !	Stant & equip	2.467.829	2.450.067
1	Depreciation	1,377.975	1 100 000
- 1		1.089.854	1,152,055
ı	Ret property	T'005'0''d	1,100,032
- 1	Patents	วิตล.er	77.55-
-	Def. charges, etc	12,003	17.574
e)			******
- 1	Total	34,823,336	\$5,117.519
t	Liabilities:		B444 440
- 1	Notes payable	\$585.011	\$611.402
t l	Accis. pay., etc.	315.015	293.5% 359.242
. (Accruals Fed. income tax	277,053	309.24.
٠,	Fed. income tax	57,735	126.893
i	Bonds due	100,000	100,000
	Cust. deposity	48,664	40.49.
,			
1	Total current .	\$1,383,481	\$1.500,624
- (1st mtge. 3346	700,000	800,000
- 1	5 pfd. stk. (\$25)_	984,988	954.050
٠,	Com. stock (84)	642,808	642.508
	Capital surplus	275.822	275,822
	Earned surplus	969.395	906.215
,			
۱ ۱	Total	\$4.925.556	\$5.117.519
- 1	Net current assets	\$2.372,618	\$2.3 6 9.285
t	INet is come she	\$10.58	\$10.32
٠,	MAt lower of cost	or market	
•	After allowing fo	r preferred d	ividends on
t	arrears.	pictorien d	
- 1			an
8	Note: Preferred a	rrears at No	JV. 30. 1952
	amounted to \$186.954	(\$4.90 per sh	are).
- 1			

Fiscal Year Changed to end Nov. 30.

73,944 37,509

\$549,867 2,684,844 1,069,910

120.281 \$4,424.902

\$381.403

1,700.000 2,362.498 18,998

\$4,424,902

\$168,464

AJAX PETROLEUMS, LTD.

Cash
Acets. receivable
Material & supp...
Prepayments, etc...

Total current. Fixed assets _____ Pipeline constr. fd. Deferred tharges _

Liabilities: Current liabil. Deb. 5s. A. 1962

Deficit

et current assets \$1 \(\overline{\text{T4,000,000 no par shares.}} \)

Total

Net

Mar. 31.'52 \$398.985 196,319 16.783 \$612.087 2.121.426 5,303 \$2,738,816 \$395,317 2,362.498 18.998 22,738,516 \$216,770

ALBEMARLE PAPI Censolidated incom Net sales Cost of sales Seiling, etc., exp., Deprec & deplet. Operating profit Other income Total income Other deductions. Inc. & profits tax, Def. inc. tax prov. Exc. prof. tax ref. Prior year adj. Net freeme Previous surplus 67, pfd. divs. Credit Surp. end of per., Earn., 57, 2nd bid. Earn., 57, 2nd bid. Than, com. sh., No. 56, 2nd uf. shs.	ER MFG. C	o.
Consolidated Incom	ie Account, y	ears ended:
Net saics	\$13.11G.272	Mar. 20. 52 \$14.534.114 9.513.768 823.414
Cost of sales	10,500,930	9.513.768 823.414
Deprec & deplet	280 106	418.632
Operating profit	990.614 110.938	2.772,300 118,967
Total income	1.104.603	3.891.257 2.569.960 2.569.960
Inc. & profits tex.	392.930	2.569.960
Def. inc. tax prov.	□ 51.214	
Net sales	dr 9.165	
Net income Previous surplus 60 pfd. divs. Credit	642.111 4 672 206	1,094.368 3,662.756 64,828
6% pid. divs.	84.828	64,828
Surp end of per.	5.303.4.4	84,828 4,672,296 \$77,41 100,93 7,07 14,128 10,000
Earn., 6% pid. sh.	\$45.42	\$17.41
TEarn, com, sh	3.74	7.07
No. of 6% pfd. shs.	14.133	14.128
No. of com. shares	135.720	135.720
Credit Surp. end of per. Esrn. 6% pid. sh. Eern. 5% 2nd oid. TEarn. com. sh. No. oi 6% pfd. shs. No. of com. shares Burplus of Scaboa not com. spared in v	rd Mig. Corp	subsidiary
Disregarding pre	ferred arrest	8.
not consolidated in to a Disregarding pre- Disregarding pre- Displicable to emiliancludes operation	ergency amor	tization. d Mfg. Co.
TApplicable to emiliar includes operation Consolidated Balar Assets: Cash Timber loan dep. U. S. Govt. oblig. Accts receivable.	ce Sheet:	
Assets:	2 Mar. 25, 53 2701.732	Mar. 30. 52 \$860.357
Cash Timber loan dep. U. S. Govt. oblig. Accts receivable	39.648	120 720
	1,198,254	129.730 1.068.304 1,462.130
Inventories	2,334.638	
Tax claim Prepayments, etc	205.855 1,196.264 2,334.638 259.452 136.102	121,661
	24054.000	\$3,642,181
Timber, etc.	1,613.965	1.236,269
Land. bldgs., etc	5.878.298	2.217.463
Total	15.635.620	11,255,662
Total current Timber, etc. Land. bldgs., etc Construction Total Deprec. & deplet Net property Invest. in subsid Exc. subsid. invest. Life ins. cash val. Other assets	10,770,020	\$3.642.181 1.236.269 7.801.931 2.217,463 11.255.662 4.229.704 7.025.958 302.500
Invest in subsid.	77 014	302,500
Life ins., cash val.	33.629	26,646
Other assets	33.629 27.365 367.089 55.044	26,646 26,140 584,640
Deferred charges	55.044	59,610
Total	\$16,163.751	\$11,667,675
Liabilities:		· · · · · · · · · · · · · · · · · · ·
Debt due	\$1.137.813 573.950 21.207 163.151 392.930	\$35.000 379,729
Dividend payable.	21.207	95,781
Income tax res	392.930	[]]185.869
Total Surrent	\$2 280 NS1	\$716.379
Total current	\$2.289.051 4,679.839 71,413 51,214 1,413.800	2,500,000
Other loans pay.	71,413	8.000
6% pfd. stk. (\$100)	1.413.800	1.413.800
Other loans pay. Def. inc. tax res. 6% pfd. stk. (\$100) 5% 2nd pfd. (\$100) Com. stk. (\$10)	1,000,000	1,000,000 959,000 407,200 4,672,296
Com. stk. (\$10) Com. B stk. (\$10) _ Surplus	407.200	407,200
Surplus	5.303,434	4,672,296
Total	\$16,165,751	211.667.675
Net current assets	\$16,165,751 \$2,585,639	\$11.667.675 \$2.925.802
Total Not current assets Net tang. com sh. DAfter deducting	\$2,358.181 T	\$44.43 S. Govt.
securities.	• • • • • • • • • • • • • • • • • • • •	
Elncludes Seaboar	a Mig. Corp.	

MOODY'S INDUSTRIAL MANUAL

AMERICAN and FOREIGN

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PROPERTY OF MECHANICS' INSTITUTE

```
OFFERED—150.000 shares) at $38.50 per share in May. 1928 by John Burnham & Co., Inc., Chicago, Ill.
TRANSFER AGENT—City National Bank & Trust Co., Chicago, Ill.
REGISTHAR—First National Bank, Chicago, DIVIDEND DISBURSING AGENT—Company.
LISTED—On Midwest Stock Exchange, PRICE RANGE—1953 1952 1951 1950 1949
High—10% 9 94 734 6
Low—6% 6% 6% 7 5% 4%
        AFFILIATED GAS EQUIPMENT,
                      INC.
     Mistory: Incorporated under Delaware laws
Aug 1, 1948 to acquire assets of Bryant Heat-
er Co., Day & Night Manufacturing Co. and
payne Furnace Co., subsidiaries of Dresser
Industries, Inc.
er Co.. Day & Night Manufacturing Co. and Payne Furnace Co., subsidiaries of Dresser Industries. Inc.

In 1953 acquired Toronto Hardware Mfg. Co.. Ltd.

Ensiness: Company manufactures heating equipment, water heaters and air conditioners. Sold under brand names of Bryant, Day & Night and Payne. Also various defense products including parts for medium tanks, shells, rockets and sircraft.

Properties: Owns in fee plants in Monrovia, Cal. Indianapolls. Ind. and Cleveland, O., with total floor space of 765,000 sq. ft. and leases plants in Tyler. Tex.. Cleveland, and New Lexington. O., and Toronto. Canada.

Officers: L. C. Harvey, Pres. and Gen. Mgr.: W. J. Bailey. Jr., Vice-Pres.; G. A. Kautz, Cont.; J. A. Hughes, Vice-Pres.; J. D. Willson, Treas.: J. A. Wilson, Sec.; R. K. Ryan, Asst. Sec.; R. B. May, Asst. Treas.

Directors: L. C. Harvey, W. J. Bailey. Jr., J. F. Robinson, N. A. McKenna, F. H. Beam, W. A. McAfee, A. L. Billingsley.

Auditors: Ernst & Ernst.

General Counsel: McAfee, Grossman. Taplin. Hanning, Newcomer & Hazlett, Cleveland. O. Annual Meeting: Last Wednesday in April. No. of Stockholders: Dec. 31, 1952: Preferred.

402: common, 6,071.

No. of Stockholders: Dec. 31, 1952: Preferred.

402: common, 6,071.

No. of Stockholders: Dec. 31, 1952: Preferred.

403: common & Goria.

Executive Offices: 17877 St. Clair Ave., Cleveland 10, Ohio.

incentive Compensation Fund: Annually, 10% of net profits after state and Federal income taxes, payable as determined by directors.

Defense Backlog: Jan. 1, 1954, $11,400,000.

Consolidated income Account, years ended Dec. 31:
              Consolidated Income Account, years ended
ec. 31: 1953 1952
      Dec. 31:
                                                                                                                      1953
$63,324 549
53,155,846
1,283,447
442,667
                                                                                                                                                                                            $54.970.383
49.014.251
894.575
410.677
3.750.880
    Sales
Cost & expenses
Depreciation
General taxes
      Sales
    Net earnings
Other income
Total income
                                                                                                                                5.442.589
406.437
5.849.026
                                                                                                                                                                                                      175,372
3.926,252
470,335
75,475
  Interest
Union deductions -
Interest
Unione taxes
Pr. yrs. tax adj.
Sub. pref. divs.
Net income
Earn. surp., 1-1
Preferred divs.
Com. divs. (stock)
Earn. surp. Dec. 31
Earn. pfd. share
No. of pfd. shares.
Combined Sales as
      Interest
                                                                                                                                 275.453
2.573.000
dr 77.504
10.000
2.385.182
4.600.782
101.033
487.864
195.252
8.201.815
                                                                                                                                                                                                       1.785,000
                                                                                                                                                                                                 CT 223.423
                                                                                                                                                                                                     1.313,375
3,372,607
103,687
487,013
                                                                                                                                                                                                        4,600,782
                                                                                                                                              $71.52
33.350
    Combined Sales and Earnings, years ended Oct. 31 (in S):
Net Net No. of Earn.
Sales Profit Shares on Com.
  Consolidated Balance Skeet, as ef Dec. 31:
Assets: 1933 1932 1932
eccivables, net 5.163.903 4.509.403
Mater. & suppl... 4.460.372 6.939.900
Work in process 4.93.023 3.240.532
Finish products 5.857.947 4.225.623
     Cash
Receivables, net
   Receivables, net [Mater. & suppl.]

Dwork in process
Finish, products.

Reimburs. costs
Deferred costs
                                                                                                                                                                                                       4.225.623
1.535.033
518.273
                                                                                                                                          915,188
                                                                                                                                                                                            $28.894,374
9,247,951
2,414,141
                                                                                                                        $29.168.029
                        Total current ..
   Total current
Land, bldgs., etc.
Depreciation, etc.,
Net property
Invest. in subsid.
Empl. stk. purch.
Tax claim
Non-curr. receiv.
Deferred charges
                                                                                                                             329.168.029
11.061.772
3.269.320
7.801.452
135.400
14.800
102.972
75.426
                                                                                                                                                                                                        6.833.810
                                                                                                                                                                                                       44,000
188,638
36.837
                                                                                                                                           442,001
                                                                                                                                                                                                               425,582
                                                                                                                        $37,740.080
                                                                                                                                                                                             $36.423,741
  Liabilities:
Notes payable
Accts. pay., etc...
Fed. income taxes.
                                                                                                                             $3,371,000
4,205,663
2,566,875
                                                                                                                                                                                                   $3.082.000
4,733,403
1,335,000
```

\$12.113.538

Total current

\$14,650.403 land.

DY'S INDUSTRIAL MAN	UAL
Notes payable 7.109.000 5,238.000	REGIS
Minority interest 200 000	and Co
\$3 pfd. stk. (\$50). 1.733.200 1.799.900 [3]Com. stock (\$1). 1.243.993 1.223.370 Paid-in surplus _ @9.172.208 9.014.697	stock s
Frois 10 757 716 16 679 740	(par \$
[] Reacq. stock 65.574 103.411	(proce
T-4-1 277.740.000 200.400.744	tively)
Total \$37,740.080 \$36.423,741 Net current assets \$17,024.491 \$14.244.471	LISTE
Net tang. com. sh. \$13.36 \$12.18 @At lower of standard cost or market.	TPRIC
Preferred shares at cost: 1952, 2,048; 1951, 2,272.	High Low (I) With
Dincludes subscribed shares: 1953, 1,887; 1952, 5.500.	2. Ai par \$1:
@After crediting \$166,467 transferred from earned surplus in connection with stock divi-	AUTH
dend and deducting \$850 preferred stock premium and \$8,076 stock purchase adjust-	Jan. 1.
mante	plan, 4
Term Leans: Outstanding, Dec. 31, 1953, \$7,500,000. Dated Jan. 18, 1949; interest 41/8 per annum, psyable F&A 1. Loan. 2s amended to Apr. 15, 1953, psyable \$400,000 each Apr. 1 beginning 1954; plus 10% of net income after taxes for preceding fiscal year psyable each Apr. 15, beginning 1951; balance due Apr. 1, 1955, Notes are not se-	1949 11952-
Loan, as amended to Apr. 15, 1953, payable	TAL
of net income after taxes for preceding iscal	DIVID:
permitted and subtract at some states and and an	VOTIN with r
Company may not pay any cash dividend	right to
Company may not pay any cash dividend on or acquire any capital stock if such dis- bursements exceed the sum of (a) net income	TRANS New Y
Dec. 31, 1950 (except initial financing), and	lend
(b) \$1,000,000. Company is to maintain excess of current assets over current liabilities at	REGIS and Ce LISTE
least greater of \$4,000,000 or 150% of total debt (as defined). At Dec. 31, 1953, \$2,810,624 of	Exchar
oursements exceed the sum of (a) het income and proceeds of sale of capital stock after Dec. 31, 1950 (except initial financing), and (b) \$1,000,000. Company is to maintain excess of current assets over current liabilities at least greater of \$4,000,000 or 150%, of total debt (as defined). At Dec. 31, 1953, \$2,610,624 of retained income was not so restricted. Subsidiary Loan: On Dec. 31, 1953, Toronto Hardware Mig. Co., Ltd., a subsidiary, had outstanding a mortgage note for \$280,000, pay-	(200.0
Hardware Mfg. Co., Ltd., a subsidiary, had outstanding a mortgage note for \$280,000, pay-	Feb.
nativare Mrg. Co. Ltd., 2 subsidiary, and outstanding a mortgage note for \$280,000, payable \$20,000 annually to 1965. Capital Stock: L. Affiliated Gas Equipment, inc. \$3 cumulative preferred; par \$30:	workin
inc. \$3 cumulative preferred; par \$50: AUTHORIZED—35.998 shares: outstanding.	High
AUTHORIZED—35,998 shares; outstanding, 33,350 shares; in treasury, 2,648 shares; par \$50. PREFERENCES—Has preference for assets	Stock
and dividends. DIVIDEND RIGHTS—Entitled to cumulative	for \$3
dividends of \$3 per share annually, payable quarterly, Mar. 15, etc. to stock of spoore	and no per shi Jun. 1:
and dividends. DIVIDEND RIGHTS—Entitled to cumulative dividends of \$3 per share annually, vayable quarterly, Mar. 15, etc. to stuck at record about Mar. 1, etc. DIVIDEND RECORD—Initial dividend of \$1 cents and Mar. 20, 1849 Exceller quarterly.	protect Co., No
dividends paid thereafter.	Stock
above.	to \$8.94
DIVIDEND RESTRICTION—Company may not pay cash dividends on or acquire junior	APEX Histo
stock in excess of consolidated net income after Feb. 1, 1949 plus \$550.000 and proceeds of junior stock sold: nor if junior stock plus consolidated surplus is less than 125% of the consolidated surplus is	es the
of junior stock sold; nor if junior stock plus consolidated surplus is less than 125% of	Busi vacuun
consolidated funded debt and involuntary liquidation value of preferred, and prior or	washer
	dish w
VOTING RIGHTS—Has no voting power unless dividends for one year are in arrears, when preferred voting as a class has right to elect one-third of, but not less than two, di-	Cleane
elect one-third of, but not less than two, di- rectors.	Prop.
Consent of 66 2/3% of preferred necessary to reclassify or change terms of preferred ad-	combin Subs
versely or create any prior stock: or to issue any preferred, or prior or equal stock, or	tributi Inc., w
rectors. Consent of \$6.2/3% of preferred necessary to reclassify or change terms of preferred adversely or create any prior stock: or to issue any preferred, or prior or equal stock or create, assume or guarantee any funded debt, unless as of preceding June 30 or Dec. 31 the sum of par or stated value of junior stock and consolidated surplus (as defined) is at least 125% of consolidated funded debt plus involuntary liquidation value of all outstanding preferred and stock of superior or equal rank. Consent of majority of preferred necessary to create any equal stock, or increase authorized preferred or equal stock. LiQUIDATION RIGHTS—in liquidation en-	Offic Vice-P A. McA
sum of par or stated value of junior stock and consolidated surplus (as defined) is at lenst	Direc
125% of consolidated funded debt plus in- voluntary liquidation value of all outstanding	Koip. Scott.
preferred and stock of superior or equal rank, Consent of majority of preferred necessary	Stone.
to create any equal stock, or increase authorized preferred or equal stock.	Hannir Ausi
LIQUIDATION RIGHTS—In liquidation entitled to \$50 per share if involuntary, and optional call price if voluntary, plus divi-	Annı No. 6
genas.	No. 5 Office
PREEMPTIVE RIGHTS—None. CALLABLE—As a whole or in part on at least	T.Un Years
CALLABLE—As a whole or in part on at least 20 days' notice at any time to each Jan. 15 Incl., as follows (\$ per share plus dividends): 1953, 52; 1953, 52½; thereafter 51½. Stock so acquired may not be reissued. Also callable for sinking fund (which see) at special redemption prices to each Jan. 15	①Cle
1953, 53; 1958, 5214; thereafter 5114. Stock so acquired may not be reissued.	⊞ Un
Also callable for sinking fund (which see) at special redemption prices to each Jan. 15	Years [i]Cle
at special redemption prices to each Jan. 15 incl., as follows (\$ per share pius dividends): 1953. 51%: 1958. 51%: thereafter, 51%. SINKING FUND—Annually and cumulative. 3 1/3% of total shares issued, by purchase or	Dec. 31 Net sa
SINKING FUND—Annually and cumulative. 3 1/3% of total shares issued, by purchase or	COST O
call. Company may anticipate future requirements.	Selling (I)Net
WARRANTS-For details, see below.	Gain, a
Pennsylvania personal property tax not ex-	Total i
PURPOSE - Proceeds of preferred, common	Fed. in
TAX STATUS—Company will reimburse Pennsylvania personal property tax not exceeding eight mills on taxable value. PURPOSE—Proceeds of preferred common and 4% note financing to acquire assets of Bryant Heater Co., Day & Night Manufacturing Co. and Payme Figures Co. for capital	Excess Pr. yrs FFed.
ing Co. and Payne Furnace Co for capital expenditures and working capital. TRANSFER AGENT—New York Trust Co., New York and National City Bank of Cleve-	Net pr Pr. yr.
TRANSFER AGENT—New York Trust Co., New York and National City Bank of Cleve-	Earn. s
land.	Prior p

```
STRAR—Bankers Trust Co., New York Central National Bank of Cleveland. RED—10,000 shares $3 cumulative prediper $50) with non-detachable common warrants, and 1,000,000 common shares $1) offered at $50 per unit of one predishare and warrant to purchase one in share, and at $9.25 per common share ceds to company $46.75 and $3 respection Jan. 12, 1949 by a syndicate headed wholds & Co., New York.
                                       :
IORIZED—2.000,000 shares: outstanding,
, 1.244.106 shares; reserved for warrants,
shares; reserved for stock purchase
46.500 shares; par $1.
DENDS—
                                      46.500 shares; par $1.

DENDS—

$0.521, 1950... $0.65 1951... $0.60

-53.0.40 (21954... 0.10

iso 2% in stock in 1953.

March 17.

DEND LIMITATION — See preferred and term loan, above.

NG RIGHTS—Hus one vote per share restrictions, see preferred above, with to cumulative voting for directors.

MPTIVE RIGHTS—None.

ISFER AGENT—New York Trust Co., York and National City Bank of Cleve-
                                        STRAR—Bankers Trust Co., New York
entral National Bank of Cleveland.
D—On New York and Midwest Stock
                                      ase 47.24 shares at varying prices ($8.00 94 per share).

X ELECTRICAL MFG. CO. tery: Incorporated in Onio June 20. 1912 is Forest City Specialty Co. Present issumed in 1914. Intest: Manufacturers a full line of inn cleaners (tank type), domestic clothes ers of wringer and automatic type, es ironors, dryers, disposal units and washers marksted chiefly under trade a of "Apax" and "Faultless." Aeroleer as well as under private brand by gomery Ward & Co. parties: Operates two plants at Cleveland one at Sandusky. O. Plants have ined floor space of 634.363 sq. ft. ssidiaries: Apex Rotarax Corp. (U. S. disting division) and Lake State Products. wholly-owned iters: C. G. Frantz, Pres.; E. C. Buchanan, Pres.-Treas.; A. C. Scott, Vice-Pres.; Wincafee, Sec. ectors: C. G. Frantz, W. A. Frantz, C. A. H. M. O'l'eill, W. A. McAfee, A. C. E. C. Buchanan, J. G. Mayer, M. J. terpit Counsel: McAfee, Grossman, Taplin.
                                      eral Counsel: McAfee, Grossman, Taplin, Ing. Newcomer & Hazlett.
liters: Ernst & Ernst, mail Meeting: Third Monday in April, of Employees: Dec. 31, 1953, 746, of Employees: Dec. 31, 1953, 2,138, cer 1070 East 152nd St., Cleveland 10, Onit Sales: 1953 1955
                                        of Sales: 1953 1952
to Dec. 31 206,195 238,398
eaners, washers, ironers and dishwash-
                                nit Sales: 1953
to Dec 31. 206.195
leaners, washers, ironers and dryers, selidated income Account, years ended 32: 1953
sales $31.759.010 $31.919.150
of sales 28.655.370 28.292.195
ag, etc. exp. 2.956.510 2.836.456
t earnings 147.330 790.499
assets sold 60.189
r income 147.824 183.275
income 2355.343 973.774
239.449 237.815
239.449 237.815
Interest
Fed. income taxes.
Excess profits tax.
Pr. yrs. inc. tax
FFed. inc tax. refd.
Net profit
Pr. yr. deprec. adj.
Balance
Earn. surp... 1-1
Prior pfd. diva
                                                                                                                                                                     19.000
                                                                                                                                                                                                                           420.000
(2) cr 31.309
                                                                                                                                                     31.014
                                                                                                                                                                                                                                 cr 45.063
392.331
cr 314.927
707.258
5.484.675
27.048
                                                                                                                                                     cr 35,535
101,135
                                                                                                                                                    101,435
6,161,885
27,048
```

Annual Meeting: Be	tween Mar.	31 and May		
31.	** 1050			
No. of Employees: I Office: Caracas, Ver	Jec. 31, 1944,	about 63.		
Gross Production ()	n barreis):			
1953 2.473 493	1951	3.594,213		
1953 2.473.493 1952 3.147,940	1950	4.484.237		
Note: Daily average approximately 10.000	production	in 1955 was j		
income Account. y	bois, per a	ay.		
II. S. dollarsi:	7.1953			
U. S. dollars):	3,1033 \$6,507,071 3,904,509	\$2.252.360		
Operating exps	3.934.209	4.442,406		
MPDI. RUNI. BDIOT	2 059 109	1.729.320		
Operating profit	2.543.450 432.000 2.111.453	1952 SE.351.566 4.442.406 1.729.320 2.090.840 230,000 1.750.840		
Venezuela Inc. tax	\$82.000 2 111 452	1 750 840		
Prev. earn. surp	M.MMD.132	8.248.292		
Dividend	958.999 11.151.591			
Earn. surp., 12-31	11.151.591	9.999.102		
Dividend	SU.70 2.996.872	50.58 2,996.672		
MAfter deductive t	2.70.016 Atties	£,330.01£		
(E)Consolidated.	o, mines.			
Salance Sheet, as c	f Dec. 31 (in	U. S. dol-		
lars):				
Assets:	31953 \$1.740.920 2.554.177 1.695.991 25.857	1952		
Receivables	2 334 177	\$3.290,402 2.286,908 722,218 9,170		
Minventory	1.695.691	122.216		
Prepayments	25.557	9.170		
Total current	\$6.520.854	\$6.421.693		
Concessions, etc	917.861	917.564		
Wells, plant & eq Total	25.840.616	23 920,420		
Depr., depl., amor. Net property	20.785.480 14.105.085 12.592.393	24.838.284 12.180.160 12.658.104		
Net Droperty	12.592.393	12.658.10		
Net property Managa Explor. Co.	2.500.000			
Oth. invest. & adv.	1.019.937	459.600		
5 -4-1	220.202.020	510 700 400		
Total Liabilities:	\$22.133.256	\$19,369,402		
Accis. pay etc	\$5,155.205	\$4.920,646		
Notes payable	230.000	2.000,000		
Due Can. So. Gils.	1.037,500			
Notes payable Due Can, So. Oils. Dividend payable.	250,000 1,037,500 936,999 965,788			
Income tax prov	905.788	844.265		
Total accepant		\$7,770,911		
Total current Due Can. So. Oils_	\$5.867.492 1.662.500	21,110.5.2		
Notes payable		250.000		
Service. etc res (E) Com. stk. (1 bol.) Capital surplus	125 645 956 939 371 056 98 000	123,504		
Com. stk. (1 hol.)	956 939	958.939		
Capital surplus	371.056	\$71,056 96,000 9,999,102		
Statutory res	98.000 11,151.591	0.00.00 0.00 0.00 0.00		
Enraed surplus				
Total	302.100.288	\$19,563,402		
Net current assets	302.100.288 d \$2,340.088 \$4.20	\$19.563,402 d \$1.349,213 \$3.81		
Net tang. com sh	\$4.20	\$3.81		
At average cost (iess than me	rket).		
in At average cost (Trepresented by 2 Consolidates	.990.872 share	S.		
3	stouce Oil Co	P.A. comi		
Capital Stock; 1. Pantouse Oil Co., C.A. com- mon; 51 part				
AUTHORIZED—And issued 0.000 000 sheres				
outstanding, 2.996,872 shares; held in treasury				

2 shares of Pancoastal Oil Co., C.A. for each share of Pantenec Oil Co. of Venezuela, C.A. TRANSFER AGENT—Empire Trust Co., New York. TRANSFER AGENT—Empire Trust Co., New York.

Stockholders' Committee: J. H. Himes. Chairman Fergus Reid. Jr., C. D. Reasoner, A. S. Anderson, J. R. Young, Jr.

American Shares: Under a deposit agreement dated Nov. 15, 1938, between Guaranty Trust Co. of New York as depositary and Panteper Oil Co. of Venezuela. C. A. common bearer shares are deposited with Empire Trust Co., New York, as depositary and certificates for American shares are issued share for share against shares so deposited.

Outstanding, April 1, 1953, 2,962,916 shares.

Dividends as declared on ordinary shares on conversion into United States of American currency at prevailing rate of exchange are payable pro rate to holders of American shares. Deposit agreement may be terminated at any time on 2 days' notice by (1) the registered holders of a majority of the American shares then outstanding or (2) by the company whenever the certificates outstanding represent less than 50,000 American shares outstanding or (3) by the Depositary at any time after the expiration of 30 days following the giving to the company of notice of resignation of the Empirement of the Tengister was a very more of the second the giving to the company of notice of resigna-tion of the Depositary, provided that a suc-casor Depositary shall theretofore have been appointed.

Dividends paid on Pantepec Oil Co., C.A. Shares: 1948 SC.64 11954 G.32 1949... \$0.96 1930-53 T1954 0.22

TTO June 17; also 1 share each of Pan-Israel Oil Co.. Inc. and Mediterranean Petro-leum Corp. stock for each 10 shares held.
Dividends declared in Bolivars and con-verted to U. S. currency at rate of U. S. \$0.32 per Bolivar.
TRANSFER AGENT, DEPOSITARY AND REGISTRAR—American Shares: Empire Trusi TNew York.

MANABI EXPLORATION CO., INC. (Controlled by Pantepec Oil Co., C. A.)

Kistery: Incorporated in Delaware Sept. I.,

1951 as successor to Manabi Exploration Co.,

Inc., a Texas corporation.

Eusiness: Produces crude oil in Ecuador.

Properties: Holds oil concessions on approximately 1,500,000 acres in Ecuador. Production is located in El Tigre Field on 1,000 acres. comprising approximately 108 producing oil wells. Company owns refinery, pipeline and tanker.

Officers: Cecil Hagen. Pres.: R. G. Behrman, Jr., R. B. Kelly, Vice-Pres.: W. R. Kerr. Sec.; P. G. Pye. Treas.

Directors: Cecil Hagen. J. W. Buckley. A. C. Girssell. Jr., E. W. Heath, R. B. Kelly, W. A. Prustt R. G. Behrman, Jr., Auditers: Arthur Young & Co., Annual Meeting: May 1.

No. of Stockholders: Approximately 300. outstanding, 2.996.572 shares; held in treasury 2.128 shares; par B:
VOTING RIGHTS—Hos one vote per share.
PREEMPTIVE RIGHTS—None.
PURPOSE—Issued pursuant to reorganization.
plan of Pantener Oil Co. of Venezuela of Mar 1, 1948 on basis of one share of company and

Office: Bank of Commerce Bidg , Houston, ex. Production (bbis): | Production | 100127 | 422,129 | 493,129 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 1950 | 493.199 Sales & revenues _ Oper., etc., exp. __ Depreciation ____ 303.577 925.364 163.545 10.938 36.273 14.732 1.274 13.853 20.607 20.607 20.607 208.695 9.413 66.049 123.535 15,736 Depletion
Intang dev. amort.
Royalties Interest, net
Ecuador inc. tax
Net income Net income
Earn. surplus. I-1.
Cont. royal. liab.
Earns surplus. I-2-31
Earned per share.
Number of shares
Balance Sheet, as
Assets:
Cash d 4.825 214.157 26.145 183.187 d 50.004 .237.200 \$0.01 1.236,600 Dec. 31: 1953 1932 \$75,260 66,188 663,635 Cash Receivables Inventories \$183.929 166.417 579.030 Advance Prepayments 480,215 12...06 2.092 \$1,411.683 514.044 2.244.658 2.759.302 649.376 2.109.926 \$917,189 523,109 1,310,422 1,833,531 368,713 Total current -1.464.818 314.308 37.675 4.461 4,461 \$3,563,745 Total __ Liabilities \$2,600,777 Notes payable
Accounts payable
Accruals
Income taxes
Due Can. So. Oils \$523,119 138,450 128,571 \$110.404 110.292 85.509 285.000 \$1.075.140 200.000 123.720 1,894.946 183.187 86,752 Total current . \$308,347 Advance
Cap. stk. (\$0.10)...
Capital surplus
Earned surplus
TApprop. surplus... 123,660 1.894,006 214,157 60,607 Total \$3.563.745 \$2.600.777

Net current assets \$338.543 \$508.842

Net tang, per sh... \$1.85 \$1.85

[FAppropriated for contingent royalty liability... Capital Stock: 1. Manabi Exploration Co., Authorized, 1.500.000 shares: outstanding, 1.-237,200 shares; reserved and under options. 237.200 Shares; reserved and shares options 31.050 shares; par 10 cents.
Pantepec Oil Co. C. A. cwns 50.4% of stock.
No dividends paid.
Has one vote per share. Has no preemptive Has one vote per share. Has no preemptive rights.

Price Range: 1853, 3½-1½; 1952, 4½-2½.

Transfer Agent: Second National Bank.
Houston, Tex.

Options: Outstanding, Dec. 31, 1953, options on 1,200 shares at \$4.05 per share, expiring May 19, 1957.

1.142

ADDENDA

ABC VENDING CORP.

Common Listed: On New York Stock Exchange, not American Stock Exchange as

stated.
Co.-Transfer Agent: Corporation Trust Co.
Jersey City, N. J.

ACF-BRILL MOTORS CO.

snoome Debenture 6s. Retired: Entire issue of income debenture 6s. due Dec. 31, 1969 was retired at 100 and interest on June 30, 1954 at Tradesmers Land Title Bank & Trust Co.. Philadelphia.

ACME INDUSTRIES, INC.

ACME INDUSTRIES, INC.
Term Lean: Outstanding, Mar. 27, 1954, \$285,848 5% notes payable \$3.832 monthly to Mar.
19, 1958 and \$5.912 on Apr. 19, 1958. Proceeds
to retire outstanding notes.
Company may pay dividends not in excess
of \$50.000 only from net earnings after July
31, 1952 and agrees to maintain net current
assets at not less than \$750.000.
Restriction will be modified to payment of
dividends up to 75% of available net earnings after July 31, 1953, net proceeds from
stock sale in 1954 total \$400.000.
No. of Employees, Mar. 10, 1954, 579.

Baker, Simonds & Co., Detroit, and associates. Proceeds are to be used for general corporate

AFFILIATED GAS EQUIPMENT, INC.

Term Leans (revised): Outstanding Dec. 31, 1953, \$7.500.000, evidenced by 44.% notes payable \$455.000 annually beginning Apr. 1, 1954 plus 10% of net income after taxes for preceding fiscal year: balance due Apr. 1, 1968. Notes are not secured.

Company may not pay any cash dividends in excess of net income after Dec. 31, plus \$1,003,000. Company is to maintain net current assets of at least the greater of \$7,500,000 or 150% of total debt (as defined). At Dec. 31, 1952, \$2,610,624 retained earnings were not so restricted

848 5% notes payable \$3.532 monthly to Mar. 19, 1958 and \$5.912 on Apr. 19, 1958. Proceeds to retire outstanding notes.

Company may pay dividends not in excess of \$50.000 only from net earnings after July 31, 1952 and agrees to maintain net current assets at not less than \$750.000.

Restriction will be modified to payment of dividends up to 75% of available net earnings after July 31, 1953, net proceeds from stock sale in 1954 total \$400.000.

No. of Employees, Mar. 10, 1954, 579.

Common Offering: \$0.000 shares of \$1 par common offered at \$9.625 per share (proceeds to company \$8.422 per share) on May 6, 1954 by

AIR PRODUCTS, INC.

Particip. basis ...

Term Lean: Outstanding, Sept. 30, 1953, \$1.064,667 4% notes due to 1955. Proceeds for new plant and equipment.

ALBEMARLE PAPER MFG. CO.
Consolidated income Account, years ended:
Mar. 29. 33

	Mar. 28, 54	War
Net sales	\$19,282,326	\$13.116.272
Cost of sales	15,333,454	10 500.934
	1,470,900	1 041.517
Selling, etc., exp	1,470.500	₹£0.10 8
Deprec. & deplet.	865.577	093.614
Operating profit	1,612.395	110.955
Other income	101.582	1,104,603
Total income	1,713,977	267.614
Other deductions .	381.140	261,014
Income taxes	400,997	389.006
		3.924
Excess profits tax.		51,214
Def. inc. tax res.	287,472	cr 258 452
Exc. prof. tax ref.		dr 9.185
Prior year adj		642,111
Net income	644,368	944
	5,303,434	4,672,296
Previous surplus -	3,303,404	84.828
6% pfd. divs	84,828	13,855
Credit		e 203 AJ4
Surp. end of per.	5,862,974	\$15.42
Earn., 6% pfd. sh	\$45.58	
	• • • • • • • • • • • • • • • • • • • •	\$5.73
Earn., 5% 2nd pfd.:	55.95	
Priority basis		
Particip, basis	10.00	

Resolve Records of the Securities and Action Statements, and Reports, and Polated Records Heled Clade the Security and Erchange and Erc

Budget Bureau No. Approval Expires

As amended to and including 11/15/42

FACING SHEET

DIA RECEIVED

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C.

APR 3 1950

PILET 2ND MAIL DOCKET, MAIL & FILES

FORM 8-C

APPLICATION FOR REGISTRATION OF SECURITIES ON AN ADDITIONAL EXCHANGE PURSUANT TO SECTION 12 (b), (c) and (d) OF THE SECURITIES EXCHANGE ACT OF 1934

to the fit of

AFFILIATED GAS EQUIPMENT, INC.

(Exact name of registrant as specified in charter)

17877 ST. CLAIR AVENUE, CLEVELAND 10, OHIO (Address of principal executive offices)

VICE-PRESIDENT, SECRETARY & TREASURER
PHILIP W. SCOTT
17877 ST. CLAIR AVENUE. CLEVELAND 10. OHIO
(Name and address of person authorized to receive notices and communications from the Securities and Exchange Commission.)

R6 266 Records of the

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Commission

Registiation Statements,

Commatileports, and

Related Records Felial Clade,

the Security and Exchange

act of 1934 and the Security

acts Commodenents of 1964,

1934-1977

Box 3633 1-3510 Shru

1-3511-3

File 1-3510-1



EXHIBIT 1.(2)

DEPARTMENT OF STOCK LIST NEW YORK STOCK EXCHANGE

A-13179

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AFFILIATED GAS EQUIPMENT, INC. SECURITIES & EXCHANGE COMMISS.

\$50 Par Value

RECEIVED

(with or without Non-Detachable Common Stock Purchase Warrants) APR 3 1950

COMMON STOCK

\$1 Par Value

2IND MAIL DOCKET, MAIL & FILES Cleveland 10, Ohio, February 25, 1949.

Affiliated Gas Equipment, Inc., a Delaware corporation (hereinafter called the "Corporation"), hereby applies for listing on the New York Stock Exchange of:

40,000 shares of \$3.00 Cumulative Preferred Stock, par value \$50 per share, with or without Non-Detachable Common Stock Purchase Warrants attached (hereinafter sometimes called "Preferred Stock"), all of which are issued and outstanding;

1,004,250 shares of Common Stock, par value \$1 per share, all of which are issued and outstanding;

40,000 shares of Common Stock, par value \$1 per share, on official notice of issuance, upon the exercise of the Non-Detachable Common Stock Purchase Warrants attached to certificates for Preferred Stock: and

20,750 shares of Common Stock, par value \$1 per share, on official notice of issuance, on purchase by officers, directors, or employees pursuant to the Corporation's Stock Purchase Plan,

making the total amount applied for:

40,000 shares of such Preferred Stock, and 1,065,000 shares of such Common Stock.

Reference is made to the Corporation's Prospectus, issued under date of January 13, 1949, in connection with the sale of shares of Preferred Stock with Non-Detachable Common Stock Purchase Warrants attached and Common Stock, and such Prospectus is incorporated herein and made a part hereof and referred to for additional information required in connection with this listing application.

AUTHORIZATION FOR ISSUANCE

The Board of Directors of the Corporation, at a meeting held on January 5, 1949, authorized the issuance and sale to Underwriters of 40,000 shares of Preferred Stock with Non-Detachable Common Stock Purchase Warrants attached and 1,000,000 shares of Common Stock. At such meeting, the Board of Directors also authorized the reservation of 40,000 shares of Common Stock for issuance upon the exercise of the Non-Detachable Common Stock Purchase Warrants attached to certificates for Preferred Stock and the reservation of 25,000 shares of Common Stock for issuance and sale pursuant to the Corporation's Stock Purchase Plan. No other authority is required.

OPINION OF COUNSEL

Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, of Cleveland, Ohio, general counsel for the Corporation, have given their opinion that the Corporation is a corporation duly organized and existing under the laws of the State of Delaware: that the 40,000 shares of Preferred Stock and 1,004,250 shares of Common Stock have been duly authorized and are validly issued, fully paid and non-assessable; that the Non-Detachable Common Stock Purchase Warrants attached to certificates for Preferred Stock are valid obligations of the Corporation in accordance with their terms; that the 40,000 shares of Common Stock reserved for issuance upon the exercise of the Non-Detachable Common Stock Purchase Warrants attached to certificates for Preferred Stock have been duly authorized and when issued in accordance with the terms of such Warrants will be validly issued, fully paid and non-assessable; that the 20,750 shares of Common Stock reserved for sale to officers, directors or employees pursuant to the Corporation's Stock Purchase Plan, have been duly authorized and when issued in accordance with such Stock Purchase Plan, will be validly issued, fully paid and non-assessable; and that under the laws of Delaware, where the Corporation is incorporated, or the laws of Ohio, where the Corporation's principal place of business is located, the holders of such shares of Preferred Stock

or of Common Stock will not be subject to personal liability by reason of being such holders.

R6 266 Records of the

Securities and Ackays

Commission

Registration Statements,

Commat Reports, and

Related Records Felial Clade,

the Securities and Exchange

act of 1934 and the Securities

Acts Commodenents of 1964,

1934-1977

Boy 3633 1-3510 Shru

1-3511-3

File 1-3510-1

EXHIBIT 1. (b)

A-13434

DEPARTMENT OF STOCK LIST NEW YORK STOCK EXCHANGE

AFFILIATED GAS EQUIPMENT, INC.

COMMON STOCK (Par Value \$1.00 Per Share)

> Cleveland 10, Ohio March 7, 1950

Affiliated Gas Equipment, Inc., a Delaware corporation (hereinafter called the "Company"), hereby applies for listing on the New York Stock Exchange of:

200,000 additional shares of Common Stock of the par value of \$1.00 per share, upon official notice of issuance, in connection with the private placement hereinafter referred to,

making the total number of shares of Common Stock heretofore listed and to be listed hereunder:

1,265,000 shares of said Common Stock of a par value of \$1.00 per share.

Reference is made to Application A-13179, the last previous listing Application of the Company, dated February 25, 1949.

AUTHORITY FOR AND PURPOSE OF ISSUANCE

On March 7, 1950, the Board of Directors of the Company authorized the issuance and sale by private placement to a small group of investment trusts and private investors of two hundred thousand (200,000) shares of its unissued Common Stock at a price to yield the Company net cash proceeds of Ten Dollars and Twenty-five Cents (\$10.25) per share. Pursuant to this authority the Company has made arrangements through Reynolds & Co., investment bankers, to so dispose of said shares. No further authorization is required by law or by the Company's Certificate of Incorporation or by its By-Laws for the issuance and sale of said shares. The transaction will not involve any public offering of said shares by the Company.

The net amount of consideration to be received by the Company for the sale of said shares is the sum of Two Million Fifty Thousand Dollars (\$2,050,000). These net proceeds, together with the net proceeds of additional term loans recently made by the Company in the aggregate amount of One Million One Hundred Thousand Dollars (\$1,100,000) will be used to reimburse the Treasury of the Company for amounts expended and to be expended in the purchase of the recently acquired plant of the Company at Indianapolis, Indiana, and its equipment, totaling approximately Two Million Dollars (\$2,000,000), and for working capital and general corporate purposes.

Of said sum of \$2,050,000 to be received by the Company for the sale of said 200,000 shares of Common Stock, \$200,000 will be credited to Common Stock Capital Account and the sum of \$1,850,000 to the Capital Surplus Account of the Company. The corresponding debit entry will be to Cash in the sum of \$2,050,000. The Company has no present plans for disposition of the Capital Surplus so created.

OPINION OF COUNSEL

Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, of Cleveland, Ohio, General Counsel for the Company, have passed upon the legality and validity of the issuance of the above mentioned shares of Common Stock covered by this Application. Mr. William A. McAfee, a member of said firm, is a Director of the Company. Said counsel have advised that, in their opinion, when the above mentioned Common Stock has been issued in accordance with the authorization of the Board of Directors referred to above, said shares of Common Stock will be duly authorized, duly and lawfully issued, fully paid and non-assessable, and that under the laws of the State of Delaware, in which the Company is incorporated and under the laws of the State of Ohio in which the Company's principal place of business is located, no personal liability for obligations of the Company will attach to the holders thereof by reason of their ownership of such shares. Said counsel have further advised that in their opinion the proposed issuance of such shares constitutes an exempt transaction under the Securities Act of 1933 and the Regulations issued thereunder. A copy of the above mentioned opinion of counsel has been filed with the New York Stock Exchange.

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NA 14070 (9-87)

BRYANT HEATER COMPANY

DAY & NIGHT MANUFACTURING COMPANY

PAYNE FURNACE COMPANY

SANDERSON & PORTER ENGINEERS AND CONSTRUCTORS

MOODY'S INDUSTRIAL MANUAL

AMERICAN and FOREIGN

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1418 11100	DY'S INDUS	INIAL MANC	AL	
Emp. payable 11445	commen; par \$5: AUTHORIZED—600,000 457,766 shares: par \$5 (to no par Dec. 12, 1920 issued to each \$100 sha	s; eight no par shares	1948 0.25 1949 195!-52 1.00 1953 I Also paid 50% in a TRANSFEH AGENT	0.50 1944-47 Nil nil 1950 0.50 0.75 El1954. 0.50 tock. ETO May 1. Bank of America Na- ga Assn., Los Angeles.
Fed. income tax	10r share, in April, 123- As of Dec. 31, 1953. Tube Co. and Contine 84.94% of stock. VOTING RIGHTS—Ha Cumulative voting for	Youngstown Sheet & Atai Supply Co. owned so one vote per share.	Calif. E.EGISTRAR—Farmer: Bank, Los Angeles. DIVIDEND DISGURSI LISTED—On Los Ang	s & Merchants National NG AGENT—Company, eles and San Prancisco
Total	DIVIDENUS PAID—. Cin \$100 per shares: 1025 \$1.00 1026 1040	\$7.50 1827 \$19.00 \$.02 0.60 1831-54 NII	can Stock Exchange. PRICE RANGE—195 High	3 1952 1951 1950 1949 22 24 1978 1334 5 1014 1434 12 11 Common stockholders had right to subscribe convertible preferred at
 MAfter deducting U. S. tax notes: 1953, \$1 602.458; 1952. S1.426.652. Mapproximate equity \$294,000. 	1935 C.75 1935-85	1.12% 1007 1.00 mil 1941 25		ares of common held
CAPITAL STRUCTURE	CARRIER CO			
LONG TERM DEBT	Amount Outstanding S12,500,000	1933 1952	Interest Call Dates Price	
CAPITAL STOCK Issue V	Par Amount alue Outstanding \$10 [2],464,526 shs.		s. per Sh. Call 3 1952 Price	Price Range 1933 1932-53 48%-34% 87%-2%
In Privately placed. EOutstanding. Feb. 2 HISTORY Incorporated in Dalawars, Oct. 21, 1930; con-	freezing plants, etc. Chumidilying and de	ther products include thumidifying devices,	F. F. Hoyt. Vice-P George Lilygren, G. R. Auld, Vice-J	res. and Treas. Vice-President
solidation of the Carrier Engineering Corp (established in 1915) and its subsidiaries, Car- rier Construction Co., Inc. and W. J. Gamble	other liquids and fres Company also makes	ies called the Weather-	G. R. Auld, Vice-J H. M. Dirks, Vice- J. H. Holton, Vice- L. L. Lewis, Vice- J. M. Bickel, Vice-	
Corp., also Brunswick-Kroeschell Co. (estab- lished 1822, resulting from the consolidation of the Brunswick Refrigerating Co. (estab- lished 1896), Kroeschell Brothers lee Machine Co. (established 1897) and Kroeschell Brothers	On Dec. 2. 1952, cem with United States St	dehumidifying in sum- nier. pany made a contract cel Homes, Inc., hous-	W. A. Grunt. Vice Herman Seid, Sec	rresident -President :retary
Co. (established 1894) and also York Heating & Ventilating Corp. (established 1919) and its subsidiary. York Building Corp. The consolidation was effected Jan. 1, 1831	under which companies out the second air condition equipment. Company	ted States Steel Corp., y will provide year-ing units as optional allow provides Weather-	M. C. Holm, Comp Directors: E. V. Bell, New Y William Bynum, S Clufford Hemphill,	ork Tracuse
through the exchange of stock. (For details see Moody's 1935 Industrial Lienus!.) SUBSIDIARIES	Houses, inc., for use i designed for air condi PROPERTY		H. F. Hodgkins, Sy Max McGraw, Elg W. H. G. Murray, C. G. Parker, Nee	yracuse in. Ili. Syracuse mah. Wis.
Company principally an operating company owns the following subsidiaries (all 100% owned): Carrier Contracting Corp. (Ill.)	was sold in 1948. Fosse lease expiring in 1966.	yracuse, N. Y., with J., space, acquired in 1927, ssion is retained under	B. F. Pope, New) F. E. Scott, Syrac H. E. Smith, New H. W. Steinkraus,	fork use · York · Bridgeport, Conn.
Carrier Engineering Ltd. (Canada)—Distribu- tor in Canada Syracuse Land Development Co. Carrier International, Ltd. Carrier A. G.—Svitzerland.	Road provide an add of floor space. The large, was acquired in 19	uildings on Thompson itions 1.500.000 sq. ft. rost plant of 580.000 rq. it and is used for pro- uipment including de-	Auditors: Arthur As Annual Moeting: Li	yracuse ndersen & Co. set Tuesday in Feb.
Also owns 50% interest in Cambridge Corr- which manufactures and sells filters and doe- defense work and in Carrier-Centrax. Inc. which machines blades for turbines.	fanse work. Two new plants total used for production of	aling 425.000 sq. ft. are	No. of Employees; 1 Office: 200 South (: Dec. 31, 1953, 9,904. Dec. 31, 1953, 8,520. Jeddes Bt., Syracuse 1,
Foreign Associated Companies: Oriental Carrier Engineering Co., Ltd., Tokyo and Carrier-Linklett, S. A. (40%), Evenos Aires.	unitary equipment. S i ings of 260,000 sq. ft: Syracuse University p	thermskers and other everal adjacent build- purchased in 1952 from rovide production, lab- id office facilities. One	serve plan established tributed \$1.208.213 in ;	Plan: Under pansion re- i in 1943, company con- year ended Oct. 31, 1933, stal investment in plan
BUSINESS Manufactures, sells, installs air conditioning refrigerating, heating, and ventilating equipment for stores, theatres, hotels, office build	additional building of contract when availal MARAGEMENT	140,000 sq. ft. is under	\$6.479.246. Orders Booked, ye: 1953 \$176,076,143	ers ended Oct. 31:
ings, hospitals, railroad cars, truck trailers airplanes, homes, factories, ships, industria buildings, refrigerated warehouses and food income accounts	Cloud Wampier, C		1951 83.095. 567 1950 67.290,088	1948 52,676,015 1947 47,686,249
Completed contracts & sales	1953 1952 1.437.530 \$107.765.702 9.078.975 82.064.420 6,771,144 12.923,833	195; 1950 \$80,928,762 \$62,590. 60,004,309 46,979. 10,329,594 8,474.	1949 535 \$46,209,169 (500 35,653,952	1946 1947 654.456.394 852,910,590 42,305,234 41,865,468 7,381,165 6,197,476
	3.587.411 12.712.449 833,832 520.682	10,601,862 6.937.1 518,953 364.3		4,769,995 4,847,646 421,546 344,408
Total income),420.743 13.233.131 874,609 918,619	11,120.815 7,301.407.075 407.183,392 251.3	315,130 364 215,787	5.191.541 5,192.054 293.043 189.000 417.036 789.274
Dincome & excess profits taxes 1	2,439,000 7,792,000 5,107,134 4,522,513	6,956,000 2,478.0	153 1 834 967	2.710.412 2.272.774
Prior year tax adjustment	7,363,587 14,271,208 224,689 204,723 2,121,993 1,225,410	12.530.789 5.753. 210.752 278. 743.068 \$90.	78 226 228.430	6,408,689 4,374,313 234,080 238,398 147,641
-		880,079		
Earned surplut, Oct. 31 \$2:	1	\$14,271,208 12.530,° 1949 1,073,316 1847 813,675		
Contracts Cost and Sales Expenses 1936 \$10,463,711 \$9,963.289 1937 17,412.355 16,756.189	Operating Oth. Inc. & Ded. (Net) \$50,422 \$29,109 \$353,422	Inc. Bof. Income Taxes Taxes \$589,531 \$82,057 302,734 \$1,939	Net Common Dividend \$507,474 Nil 250.795	ls Outstand, Com. Sh 390,818 \$1,30 390,808 0.64
1938 10.595,374 11.735,031 1939 11.654,711 11.707,379 1940 13.047,354 12.269,302	f 1,136.657 3,637 d 52,668 71.457 778.062 d 14.766	4 1.133.020 78.789 763.290 236.668 1,172.944 657.000	250.795 4 1.123.020 18.789 526.628 518.944	390,808 d 2.90 390,808 0.05 390,808 1.34 382,156 1.31
11942 - 20,925,598 18,430,607. 11943 27,629,041 24,913,717 121944 38,255,974 34,085,538	1.260,415 d 87,471 2.438,390 d 70,632 2.915.324 d 35,640 4,170,435 d 67,866 474,514 d 577,213	2.367.758 1.749.675 2.950.964 2.249.658 4.102.572 2.939.600 d.102.699 cr 485.000	618.083 701.309 1,162.972 382,301	405,676 1.5Z 408,668 1.73 415,666 2.73 430,691 0.53
1945	d 1,418.244 d 170,317	£ 1.585.561 cr 1.898,000	309,439	EAA E70 A 20

BALANCE SHEETS	CONSOLID	ATED BALAN	CE SHEET.	AS OF OCT 31			
ASSETS:	1953	1952	1951	1950	:949	1943	1947
Cash	\$13.144.832	\$9.089.492	\$5,674,314	\$3.138.684	\$6,146,711	\$3.870.294	\$2,442.290
U. S. securities		8.121.953	301.852	1.023.270	525,200	448 400	4000000
Receivables, net	21.143.815	15.605.195	15.016.777	7.613.455	4,943,275	646 .600 5.989,74 5	221,000 7.350,856
Reimbursable costs on govt, contracts	6.544.637	5.261.314	1.622,384			2.303,143	1,330,000
TUncompleted contracts	1,674.520	7.220.506	4,427,823	1.376.996	677.091	893.526	1.334.773
[]Finished stock., etc.	24,881,090	15.141.198	17.449.996	13.638,944	9.577.935	12.217.499	13.374.180
Tutal automatic access	000 000 001	261 100 000	244 422 444	201201			
Property & equipment	\$67,388,894 26,844,932	\$61,439,938 23,330,032	\$44.493,146	226.7 9 1.349	322,288,512	\$23.617.064	\$25.326.099
Depreciation	7.141.195	6.035.851	20.218.935 5.370.747	17.322.369 4.417.552	14,445,255 3,695,248	14.719.453	13.471,307
Net property, etc.	19.703.737	17,291,131	14.848.188	12.903.017	10.749.007	3,530,870 11,188,583	2.771.581 10.699.725
Patents, etc.	i	1	1	1	10,,743,007	11.400.204	10,000,120
investment, net	1,206.120	497.710	420,838	180.061	216,033	106.627	121.958
Plant purchase fund	10,000,000	1,250,000	485,000	1,640,000	1.500.000		******
Preferred sinking fund	1272.27	231.121	130,000	150.000	120.000	150.000	130.000
Prepayments, etc.	1,747,215	1,924,499	1.844.147	1,535,139	1,227,185	1.026.875	903.499
Total	\$100,045,967	\$62,637,470	\$62,241,320	\$43,201,567	\$35,128,840	\$36,151,150	\$37,201,233
LIABALITIES:	.4400,440,401	400,001,110	445-44-49	440,241,001	600,480,87 0	930.191,130	
Notes payable	\$7,000,000	\$12,000,000	\$5,000,000				\$1,800,000
Current installment on debt	41,000,000		996,000	842,000		******	
Accounts payable	13,445,842	9,440.162	8.666.403	4.270.496	\$1.75619	2.349.391	3,750,821
Dividends payable	726.350	316.023	216.514	147.646	147,545	*****	
Accruais	3.689.972	2,257,371	1.993,702	1.247,143	1,007,214	1.139.625	966.445
Bincome taxes	341,000		2.780,006				1,941,000 206,700
Mortgage payable	10.516.097	6.487,617	3,585,792	2,061,023	2.G29.851	2,448,824	(1.080.319
Contract reserve, etc.	10,010,031	9,401,011	0,363,134	5.001.050	£,4£0,031	2,148,838	1.149,899
Total current liabilities	\$35,719,261	\$30,501,173	\$21,238,411	\$9.662.308	\$4,940,223	36.438.454	210.395,684
Notes payable	12.500.000	12,500,000	8.362,000	8.358.020	7.500,000	7.500.000	6,000,000
3% mortgage, 1955			******				271,604
Reserve for moving expenses	393.122	445.693	449.323	472.122	603.376		
4% preserred stock (\$50)	1,877,800	5,037,700	5,170,700	5,358,100	5,563.250	5,773,250	5,963.250
4.8% preferred (\$30)		3.518.150		222.000			
Common stock (\$10)	14.046.434 14.333.311	5,800,514 4,390,650	8.862.294 4.087.384	5.905,313 1.908,450	5,905.740 1.356.787	5,905,735 1,796,231	5.905.785 1.756.271
Earnad Surplus	21.124.039	17,363,537	14,271,205	12,500,759	3,753,533	8.737.380	6.408.629
Total	\$100,045,967	552,637,470	\$62.241.329	\$43,201,567	336.123.840	£3 6,151, 1 50	\$37,201,283
Net current assets	\$ 31.669.633	\$30.933,735	322,254.735	\$18,120,041	\$17,045,784	317,173.610	\$14,439,415
TAt lower of cost of market.	ing \$650	difference in	par value o	f 138 pre- 354.919	excess of p	roceeds over r	lo enisy rac
Principal "Capital Surplus" chang follows:	es as ferred	nares radeeme	a.	218.50	common sha	ares sold (after	* \$201.873 ap-
1953: After crediting \$4.289.542 differs	nos in 78 115 0	ver cost of 3.7	J SCENER CONTROL	es of par pilcan	ne empenses.	I U. S. Gevern	ment secu=-
par values on conversion of 34.198 4% as	ind in lated or	d difference	A LEL AUTOR		1962 (1 6 /16/16)	g U. S. Gevern di 1451. 37.8.3.0	100: 1931. \$5 -
227 4.9% preferred shares into common s	hares. Version	of 48 preferre	d shares into	common (within	0: (330). 35.25	.000; 1949, \$1.	312.000: 1948.
and \$3.705.796 excess of proceeds from a	iale of Ishares.	52 59.422 excess	of amount o	harged to 131 S46	.gag.		
278,422 common shares over par value :	hereof earned s	urplus over pa	ir value of 59	065.5 com- TL	ess applicable	billing, 1952 (C	Jovernment,
(less \$349.882 applicable expenses) and d	eauct- mon sha	res rearied as a	tock dividend	s, and \$1,- 315,64	9.891; other 3	33,972.622), \$19 ,6	522.513; 19 5 1,
**************************************	T 1 D 1		*	- 120,280,	.554; 1950, \$2.7	*U.DO1.	

STATISTICAL RECORD, FISCAL YEARS

Earned por share—preferred	1953 3162.61	1952 326 .28	1951 \$24.56	1950 322 33	.943 \$18.43	1 948 223.47	1947 \$19.66
-common	⊞\$4.19	\$4.88	\$3.88	84.99	22.72	24.19	3.44
Dividends per share—4% preferred	52.00	32.00	\$2.60	\$2.00	32.00	\$2.00	2.00
-4.8% preferred	21S2.18 \$1.85	\$1.40	\$1.00	31.09	\$1.00	\$1).25	*******
DiPrice range-common	4876-3416	3694-2194	2514-1914	2174-15:-	1814-1215	1954-1216	2111-1211
Net tangible assets per share—pfd	31,389.52	\$227.70	\$311.28	\$239.35	\$207.12	\$192.3E	\$167.98
Times charges earned:	\$35.25	\$34.64	\$31.19	334.45	-229 .58	\$27.34	\$23.83
Before inc. taxes & depr., depl., etc.	24.65	16.57	30.76	20.70	12.95	19.33	27.69
Before inc. taxes & after depr., etc.	22.26	14.41	26.37	17.29	9.89	16.29	23.29
After income taxes and depr., etc	7.93	5.92	9.78	<u>s.76</u>	6.82	10.25	13.03 5.76
Times engs. & pfd. divs. earn Net tanz. assets per \$1,000 tund. debt	6.35 \$5.115	4.84 \$4.105	6.14 \$4.850	5.71 \$4,073	3.96 3.017	5.70 5 3,982	\$4.194
Net curr. assets per 31,000 rund, debt	\$2,534	\$2,475	22.751	22.168	\$2.015	22.295	\$2,301
Number of shares-4% preferred	_ 37,556	101,754	103.414	107.162	111,285	115,463	119,265
-4.3% preferred	1,404,643	70.363 883.051.4	866.229	590,533	520.578	390.578	59 0.578
-common	1.403.043	000,001.7	600.47	35U.233	22U.2 · 5 ·	3 2 0.215	

UCaiendar years.

Elssued in Sept. 1952; initial dividend paid Jan. 15, 1953.

Energy Aug. 20, 1953.

EBseed on number of shares outstanding at Oct. 31, 1953 exclusive of 273,122 shares issued in final month of fiscal year, earned per share would be equal to \$5.22.

LONG TERM DEST

LONG TERM DEST

Term Loans: Outstanding, Oct. 31, 1955, Si2, 500,000 evidenced by 3.95% promissory noted due Aug. 15, 1972 with minimum annual prepayments of \$625,000 beginning Aug. 15, 1958. Loan agreement provides that company will not deciare any cash dividends on or reacquire any stock unless thereafter such disbursements since Oct. 31, 1951 do not exceed consolidated net income since that date, plus \$2,000,000 and consolidated net current assets (as defined) at least equal \$20,000,000 to Oct. 31, 1953, \$22,500,000 thereafter; but dividends and sinking fund payment on preferred (as defined) are specifically permitted.

Esnik Credit: Regular bank credit limit was increased to \$20,000,000 early in 1954 in order to carry heavier inventories and receivables. Current borrowings outstanding as of Oct. 31, 1953, \$7,000,000.

VOTING RIGHTS—Has one vote per share.
DIVIDEND RECORD—
1950—47 mit 1949— \$9.25 1949—30 \$1.90
F1951—\$1.00 1952—1.40 1853—1.55
F1954—0.50
TAJO 10% in stock.
TTO Man. 1.
Dividends payable guarterly, Mar. 1, etc., to stock in "coord about Fen 15, etc.
DIVIDEND RESTRICTIONS—See long term debt above debt above PREEMPTIVE RIGHTS - Has preemptive rizals. TRANSFER AND DIVIDEND DISBURSING AGENT—Guaranty Trust Co., New York, REGISTRAR—Chase Nauona: Bank of New

LISTED—On New York Stock Expanse. United Tracing on Boston and Philadelphis-Baltimore Stock Exchanges.

GAPITAL STOCK

1. Carrier Corp. common; par \$10:
AUTHORIZED—5.000,000 shares; outstanding of fee. 22. 1934. 1934. 1934. Shares of \$10 changed from no par to \$1 par Sept. 12, 1938. share for share ior share).

Baltimore Stock Exchanges.

Subscription Rights Common stockholders of record Jan. 7, 1946 had right to subscribe to 118.25 hares of \$50 par 4.7, conv. preferred to 118.25 par 4.7, conv. preferred to 218.25 par 4.7, conv. prefe

Common stockholders of record June 12, 1951 had right to subscribe to 218,304 \$10 par soutment thans at \$10,50 per share on basis of the mare for such 3 shares held. Rights expired June 28, 1881.

Common stockholders of record Sept. 3, 1952 par 4.8% conv. preferred stock at \$53 per there on basis of one share for each 11 common shares held. Rights expired Sept. 17, 1952.

Common stockholders of record Sept. 22, 1933 had right to subscribe to 278,422 \$10 par common thores of \$51.75 per share on basis of one share tor each 4 shares held. Rights expered Oct. 7, 1953.

170:11: There is also authorized 330,000 shares of \$50 per preferred, none outstanding.

Preferred Clocks Retired: All outstanding 4.8% convertible \$50 par preferred stock was retired at \$55 per share plus dividends of 24 cents a share on Aug. 20, 1250 at Marine Midiand Trust Co. New York.

All outstanding 4% convertible \$50 par pre-ferred stock was retired at \$52 per share plus dividends of \$1 cents a share on Dec. 10, 1953 at Marine Midland Trust Co., New York.

STOCK PURCHASE \forall ARRANTS

All securities in this Manual carrying stock purchase warrants are $\{i, j, d\}$ an blue paper insert with details of the subscription privilege. Users of the Limital will find this tabulation to be a convenient source of reference.

MOODY'S INDUSTRIAL MANUAL

AMERICAN and FOREIGN

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Price Range

LISTED—New York and Midwest Stock Exchanges. TRANSFER AGENTS—First National City Bank, New York and Continental Illinois National Bank & Trust Co., Chicago.

DIVIDEND DISBURSING AGENT—Company. REGISTRARS—City Bank Farmers Trust Co., New York and Harris Trust & Savings Bank, Chicago. OFFERED-70,000 shares in Nov., 1927 at \$38 per share by Eastman, Dillon & Co., New York.

Call

ting D	Outstanding \$25,000,000	1954 1953 18.43 22.20	Dates	Price	1954 11]	1932-54
Par alue i50 50 10 55. 🗐 (Amount Outstanding B125.226 shs.] [333,990 shs.] [31.692.209 shs.] Outstanding, Mar.,	Earned per Sh. 1954 1953 El \$4.69 \$4.19 1955. @Subject	Divs. per Sh 1954 1955 []]	3 Price - 453.00 - 452.25	Price B. 1954 	1932-54 6736-236
BUS	INESS		, L.C	. Harvey, Ser	ior Vice-Pres	4

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Herman Seid, Secretary

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B. F. Pope, New York
F. B. Scott, Syracuse
H. E. Smith, New York
H. W. Steinkraus, Bridgeport, Conn.
Cloud Wampler, Syracuse

Auditors: Arthur Andersen & Co. Annual Meeting: Last Tuesday in Feb. No. of Stockholders: Dec. 31, 1953, 9,904. No. of Employees: Oct. 31, 1954, 6.524. Office: 300 South Gedder St., Syracuse 1, New York.

DED OCT.			
1951	1950	1949	1948
D .93 5.752	\$62.390.539	\$46,209,169	\$54.456,394
0,004,30 5 0 ,329,594	46,979,300 8,474,135	35.653.962 7.584,734	42,305.234 7,381,165
0,601.862 518.953	6.937,104 364,362	2,970,473 383,411	4.769.995 421.546
1.120.815	7,301,466	3.333.884	5.191.541
407.075	407.652	315,130	293.043
183,392	251,364	215.787	417.086
6.956.000	3,478,000	968,000	1.771,000
3,374,348	3,164,450	Ø1.834.967	[3]2.710.412
2.530.759	9.753,339	8.737,380	6.408.689
	er 421.778		*********
210,752	218,226	228,430	234.080
743,068 88 0,079	590,582	390,578	147.641
4.271.208	12.530,759	9,753,339	8,737,380

[BIncludes excess profits tax: 1954 not Ltd. (see general notes under balance sheet): stated: 1953, \$3,075,000: 1952, \$1,293,000; 1951, [INet income giving effect to retroactive tax adjustment: 1949, \$2,088,773; 1948, \$2,[Earned surplus of Carrier-Engineering 719,844.

NAME OF				districted in 44				_		_		
	_	Contracts	-	Cost and	Operating	Oth. Inc. &	Inc. Bef	. Income	DNet	Common	Com. Shs.	Earn. Per
Year		and Sales		Expenses	Profit	Ded. (Net)	Taxes	Taxes	Income	Dividends	Outstand.	. Com. Sh.
1000	•						\$389 ,531	\$82.057	\$507.474	Nil	390.818	\$1.30
1936		\$10,463,711	4	\$9,963,289	\$500.422	\$89.109				2122		
		17.412.355	٠.	16.756.199	656.156	· 🗗 353.422	302.734	51,939	250,795		390,308	0.64
		10.598.374		11.735.031	£ 1.136.657	3.637	d 1,133,020		4 1.133.020		390,808	₫ 2.90
1939				11.707.379	4 52.663	71.457	18.789		18.789		390.808	0.05
		11.654.711										1.34
		13.047.364		12,269,302	778,062	₫ 14.768	763.296	. 235.558	526.628		390.808	
TRIA 24 I		14.883,641		13.623.226	1.260.415	€ 87.471	1.172.944	637.000	315. 044		392,156	1.31
21942		20.928.998	- :	18,490,608	2.438,390	4 70.632	2.367.758	1.749.575	618.083		405,676	1.52
#1574	٠.							2.249.655	701,309		405,666	1.73
		27,829,041		24,913,717	2,915,324	4 35,840	2,950,964		107,308		400,444	
		38.255.974		34.085.536	4.170.438	4 67,866	- 4.102.572	2.939.600	1,162,972		415,886	2.73
D1945		29,144,391		28.669.877	474.514	£ 577.213	₫ 102.699	CT 485,000	382,301		430.691	0.53
A 10.10								CT 1.898.000	309,439		590.578	0.20
W 1745		23.476.267		29,894,491	£ 1,418,244	d 170,317						3.44
(Z)1947		52.910.590		48.062.944	4.847.546	d 633.872	4,213,774	1,941,000	2,272,774	*******	590,578	
						•		A			eens ees. 1941	\$923.858:

Ten months to Oct. 31. Tyear to Oct. 31. (I)Net income giving effect to retroactive tax adjustment: 1940, \$698,668; 1941, \$923.8 1942, \$1,234,889; 1943, \$1,284,507; 1944, \$1,132,572; 1945, \$651,707; 1946, \$319,368; 1947, \$2,289,874.

						·	
BALANCE SHEETS	CONSOLIT	ATED BALAN	1952	1051	T 81	- 1949	1943
Cash U. S. Govt. and other securitiess	\$14,461,509 4,495,000	\$13,144,833	\$9,089,492 8,121,953	\$5,674,3	14 \$3,138,664	95 ,146,711 ·	\$3,570,294
				301.	1.023.270	\$35,000	648.000
Receivables, net	18,741.017 236.648	21,143,815 1,223,396	17.081,317 4,785,192 7,220,806	15,318.6 1,622.3 4,427.8		4.945.275	5,989,745
Reimbursable costs on govi. contracts Bulnoomplated contracts Urinished stock, etc.	5,919,308 34,402,003	6.995,761 34,881,000	7,220,806 15,141,198	4,427,8 17,449,9	23 1,376,994 96 13,838,944	677,891 9,977,935	893,526 12,217,499
Property & equipment	\$68,255,485 28,578,663	\$67,388,894 26,844,932	\$61.439.958 23,330,032	\$44,493,1 - 20,218,9	35 17,322,569	\$22,284,612 14,445,255	\$23,617.064 14,719.453
Net property, etc.	8,446,178 20,132,490	7,141,195 19,708,787	6,035,851 17,294,181	\$,370.7 14,848,1	47 4,417,552	3 596 248 10,749,007	3,530,870 11,188,583
Palanta etc.	1	1.206,120	1		1 1	216,035	1
Plant purchase fund	1,106,040 10,000,000	10,000,000	497.710 1,250.000	420,8 485,0	00 1,640,000	1,500,000	150,000
Preferred sinking fund Prepayments, etc.	1,754,509	1,747,218	231,121 1,924,499	150,0 1,844,1	000 150,000 47 1,535,139	150,000 1,227,185	150,000 1,086,875
• •						~~ 199 849	
Total	\$101,248,525	\$100,045,967	\$82,637,470	\$62,241,5	20 \$43,201,567	\$36,128,840	\$36 ,151,150
Comment on debt		\$7,000,000	\$12,000,000	\$5,000.0 996,0	842.000	******	
Accounts payable	\$7,711.017 732,231	13,445,842 726,350	9,440,152 316,023	6,865.4 216.5	103 4,370,496	\$1,750,118 147,645	2,849,991
Accruais	2,632,371	3,689,972	2,257,371	1,993,7	02 1,247,143	1,007,214	1,139,625
Accounts payable	9,792,025	341,000 10,516,097	6,487,617	2.780.0 3,585.7	92 2,061,028	2,020,851	ialii
	200 200 244	447 514 444				94 940 929	44 424 454
Notes payable	\$20, 867.644 25,000,000	\$35,719,261 12,500,000	\$30,501,173 12,500,000	\$21.238.4 8,362.0	000.8368.000	94,940,828 7,800,000	\$8.438.454 1,800,000
Reserve for moving expenses		393,122 1, 5 77,800	445,693 5.087,700	449.3 5, 170,7	23 472,122 00 8,368,100	609,376 5,563,250	5,773,250
Reserve for moving expenses	14,645,260		3,518.150 8,830,514			5,905,780	8,905.785
Capital surplus	15,657,571 25,078,050	14,046,434 14,385,311 21,124,039	4.390,653 17,363,587	8,662,2 4,067,3 14,271,3	84 1,908,450 08 12,530,759	1.856.267 9.753.339	1,796,281 8,737,380
ARTHEC SWIPING	25,018,050	21,124,037	11,003,001	34,211,3			
Total	\$101,248,525 \$47,387,841	\$100,045,967	\$82.637,470 \$30,938,785	\$62,341,3 \$23,254,7	20 \$43,201,567 25 \$18,123,041	\$38,128,840 \$17,345,784	\$36,151,150 \$17,178,610
[]At lower of cost or market. []Principal "Capital Surplus" chang	etrintic	\$31,669.633 on common	dividend nevr	mente	Net property	27,823,658	20,132,490
follows:	es as (b)	1954 consolidat	ed statements	domestic	Patents, etc. Misc. invest., net. Pit. constr. fund	573.982	753,582
1054. After profitting \$1 272 518 differen	ice in and or	Canadian attheir	11970		()IDET RESERVE	10,000,000 664.619	10,000.000 352.458
par values on conversion of 37,427 4% ferred shares into common shares anducting \$258 difference in par value	d de- Com	bined Consolide	ted Sales and	Earnings:	Prepayments, etc	2,244,258	1,754,609
preferred shares redeemed. 1953: After crediting \$4.289,542 difference	inc.):	er Corp. and Af			TotalLiabilities;	\$130,865,912	\$101,248,525
1953: After crediting \$4,289,542 different par values on conversion of 64,198 4% at	nce in nd 70,- MYear	Net Sale	t []Bal. fo	Com. Sh.	Notes payable	\$632.000	\$10,343,388
227 4.8% preferred shares into common s and \$5.705.796 excess of proceeds from a	hares, 1954	\$194,140 227,762	.638 \$8,177,94 .078 7.763.09	6 \$4.82	Income taxes	13,601,208	732.231
par values on conversion of 64,198 4% ar 227 4.8% preferred shares into common s and \$5,705,796 excess of proceeds from a 278,422 common shares over par value it (less \$349,882 applicable expenses) and de-	mreof 1952	162.671 122.019	.085 5,672,01 ,594 4,520,01	.C 3.35	Dividend payable. Guarant, etc., res.	732.231 10.080.025	9,782.025
rug 2000 difference in bar savine or ra	pre- 1950	105,606	,449 4,792,34	2 2.83	Total current .	\$25,045,464	\$20.867.844
lerred shares redeemed. 1951: After crediting \$34.597 excess of value over cost of 3,700 preferred share tired and difference in par values on version of 48 preferred shares into con shares, \$289,422 excess of amount chargearned surplus over par value of 59,065.8	f par and at	ter dividends of ter \$281,758 and 415% \$50 par pr	ual provision		Motes nevenie	21.477.000	25,000,000
tired and difference in par values on	con- sued.	4%% \$50 par pr	referred stock	to be 15-	43% pfd. stk. (\$50)	6,252,530 1,657,000	****
version of 48 preferred shares into con shares, \$289,422 excess of amount chara	mmon Ba red to outstan	sed on 1,692,209 nding.	common sha	Tes to be	Com, stock (\$10)	16,918,907	04,645,260 15,657,571
		lendar year for inc., except 1954		as Equip-	Minority interest 4½% pfd. stk. (\$50) \$3 pfd. stk. (\$50) \$-Com. stock (\$10) \$-Capital surplus \$Earned surplus \$	17,586.113 31,725,565	25,078.050
\$54.915 excess of proceeds over par va 216.504 common shares sold (after \$201,8	ue of Oct. 3	and years end	ded Oct. 31 20	Carrier	Total	2130,865,912	\$101.248.525
Dilchhia avmensesi		olidated Balanc	o Sheet, as of	P Oct. 31:	Net current assets []At lower of co- uncompleted contra	\$64,212,930 st or market	\$47,387,841 and includes
[]After deducting U. S. Government a ties: 1954, \$10,500,000; 1953, \$11,000,000; \$7.873,000; 1950, \$3,537,000 \$1,312,000; 1948, \$1,846,000.	ocuri- Asse 1952, Cash	ts: :	(1) Pro-Forma \$19,507,450 1,671,850 26,130,000	\$14,461.509	uncompleted contra	ets cost.	t securities:
\$7,873,000; 1951, \$5,000,000; 1950, \$3,537,000 \$1,312,000: 1948, \$1,846,000.	; 1949, U.S. G	ovt. etc. sec. ivables, net.	1,671,850 26,130,000	4,495,000 18,977,665	[After deductin Pro-forms, \$13,323,1	50; actual, \$10	,500,000.
[Bless applicable billing, 1952 (Govern \$15.649.891; other \$3,972,622), \$18,622,518; \$9,296,554; 1950, \$3,790,657.	ment. Ulnve	ntories	41,390,034	90,321,311	Dincludes billin Government contri	gs and expe	nditures on 12, 67,935,293;
\$9,296,554; 1950, \$3,790,657.	To	tal current .	\$89,259,394 40,234,421 12,410,763	\$68,253.465	actual, \$5,613,569.		
General Notes: (a) As of Oct. 31, 1954 \$7,500,000 of earned surplus was free	of re- Depre	bldgs., etc c. & smort	12,410,763	8,446,173	EGiving effect to filiated Gas Equipm	nent, inc.	me Ret Ot 101-
STATISTICAL RECORD, FISCAL Y	ear\$	1988	1952	4		1949	1948
Earned per share-common	1954 \$4.69	E1\$4.19	\$4.83 \$2.00		.88 \$4.99	\$2.73	\$4.19
Dividends per share—1% preferred —1.8% preferred	D	17.00 17.82.18	\$2,00 20			\$2.00	\$2.00
Price range—common	\$2.00 \$314-4634	\$1.85 48%-34%	\$1.40 3636-2136	\$1	.00 \$1.00	\$1.00 1856-1255	20.25 19%-12%
Net tangible assets per sh.—com	\$37.51	\$35.28	\$31.54	25 ½-11 831	114 21%-15% 19 \$34.46	\$29.66	\$27.84
Times charges earned: Before income taxes	18.43	22.20	14.41	26	.87 17,29	9.89	16.29
After income taxes	7.70 \$3.215	7.98	5.92 \$4,135	84.1	.78 8.76	6.82 84.077	10.25 \$3,962
Net tang, assets per \$1,000 fund, debt Net curr. assets per \$1,000 fund, debt	\$3,215 \$1,896	\$3,115 \$2,594	\$2.475	\$2,7	81 \$2.168	\$4,077 \$2,513	\$2,290 115,485
Number of shares—4% preferred	0	\$7,556 [2]	101,754 70,363	103,4		111,265	
-common	1,464,528	1,404,643	883,051.4	206,2	29 200,583	\$90,578	\$90,578
(I)Calendar years. Elssued in Sept., 1952; initial divide (I)Retired Aug., 20, 1953.	end paid Jan.	15, 1953.					
GIDGLER ON DESIGNATION OF SHAREST AND ACCOUNT.	nding at Oct. 2	IL 1953 exclusive	of 278,422 sh	ares issued	in final month of fi	cal year, earn	ed per share
would be equal to \$5.22.	•				,		-

ild be equal to \$3.22. ERetired Dec. 10, 1953. LONG TERM DEBT

LONG TERM DEBT
Term Learn: Outstanding, Oct. 31, 1854, \$25,000,000 32,% notes payable annually on June 1
as follows: 1960-64, \$1,000,000; 1965-74, \$1,250,000; 1975-78, \$1,500,000; balance on June 1, 1979.
Proceeds to repay \$12,500,000 3,95% notes due
1972 and for other corporate purposes, including expansion of production facilities.

involuntary liquidation (in each case of maximum amount outstanding after June 18, 1954).

CAPITAL STOCK

as follows: 1960-64, \$1,000,000: 1985-74, \$1,250.000: 1975-78, \$1,500,000: 0. balance on June 1, 1979. Proceeds to repay \$12,500,000 3.95% notes due 1972 and for other corporate purposes, including expansion of production facilities.

Company may not pay cash dividends on or acquire capital stock unless thereafter such disbursements after Oct. 31, 1953 do not exceed consolidated net income since that date plus \$3,000,000 and consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net current assets (as defined) at least equal \$35-consolidated net

stock in excess of consolidated net income after Oct. 31, 1954 plus \$6,000,000 and net proceeds of junior stock sold or if thereafter, on a consolidated basis, net tangible assets would be less than 175% of fixed liabilities and preferred stock.

ferred stock.

Company may not pay cash dividends on junior stock (1) as long as \$3 preferred is outstanding if dividends or sinking fund are in default; (2) as long as 415% preferred is outstanding if dividends, sinking fund or purchase fund are in default.

VOTING RIGHTS—Entitled to one vote per share; on default of 6 quarterly dividends, entitled, voting separately as a class, to elect 2 additional directors.

Consent of 66 2/3% of all series of preferred

required; to create prior stock or increase authorized shares of such other stock or to amend terms; consent of 65 2/3% of any series; required to change adversely terms of series. Consent of majority of preferred, as a class, required to increase authorized amount; create parity stock; marge or dissolve voluntarily. LIQUIDATION RIGHTS—In liquidation, entitled to \$50 per share if involuntary and redemption price if voluntary; plus dividends. CALLABLE—As a whole or in part on 30 days' notice at any time to Feb. 28 incl. as follows (per share plus dividends.): 1957, \$53; 1959, \$52.50; 1961, \$52; 1963, \$51.50; 1955, \$51; 1967, \$50.50; thereafter, \$50. Also callable for sinking fund at \$50 per share.
PURCHASE FUND—Annually (non-cumulative), Feb. 28, 1961-65, an amount sufficient to purchase at \$50 per share 3% of maximum shares of \$\frac{1}{2}\frac{1}{2}\text{ series preferred issued before Feb. 28, 1961, less shares retired. Unexpended funds to revert to company's general funds. SINKING FUND—Annually and cumulative berging Mark 1 1965 to extent samed cash

SINKING FUND—Annually and cumulative beginning Mar. 1, 1965, to extent earned, cash (or 41% preferred) sufficient to retire on or before Feb. 28 following, 3% of maximum shares of 41% series preferred issued before Feb. 28, 1961, less shares retired.

Feb. 28, 1961, less shares retired.

OTHER PROVISIONS—Preferred acquired for sinking fund or redeamed, to have status of uniasued shares; preferred of any series retired through sinking fund may be reissued as part of another series but preferred otherwise acquired may be reissued as part of same series or of another series if not prohibited. Terms of 4½% series do not prohibit reissuance: terms of 53 preferred prohibit reissuance as part of 53 series.

PREEMPTIVE RIGHTS—None.
PURPOSE—Issued in Mar. 1955 under merger terms in exchange for Affiliated Gas Equipment Inc. (see above).

LISTED—On New York and Midwest Stock Exchanges.

TRANSFER AGENTS—Marine Midland Trust Co., New York; First National Bank, Chicago. REGISTRARS—City Bank Farmers Trust Co., New York; Harris Trust & Savings Bank, 2. Carrier Corp. \$3 cumulative professed; | ar \$50:

per \$20:
AUTHORIZZD—All series, 1,000,000 shares; \$3
series, \$3,090 shares; outstanding, Mar., 1955,
\$3 series, \$3,090 shares; par \$50.
PREFERENCES—Has equal preference with
41/5% preferred for assets and dividends.
DIVIDEND RIGHTS—Entitled to cumulative
dividends of \$5 per share annually, payable
quarterly Mar. 20, etc. (cumulative from Dec.
20, 1954)

20. 1954).
DIVIDEND RECORD—Initial dividend of 75 cents paid Mar. 19. 1955.
DIVIDEND RESTRICTION—Same as 41/2% se-

DIVIDEND RESTRICTION—Same as 41% series above.
LIQUIDATION RIGHTS—In liquidation entitled to \$50 per share if involuntary and redemption price if voluntary; plus dividends.
CALLABILE—As a whole or in part on 30 days notice at any time at \$52.25 per share to Jan. 15. 1956 incl. and \$51.25 per share thereafter; plus dividends. Also callable for sinking fund (which see) at \$51.25 per share to Jan. 15, 1858 incl. and at \$51.25 per share to Jan. 15, 1858 incl. and at \$51.25 per share to Jan. 15, 1858 incl. and at \$51.25 per share to Jan. 15, 1858 incl. and at \$51.25 per share to Jan. 15, 1858 incl. and at \$51.25 per share to Jan. 15, 1858 incl. and at \$51.25 per share to Jan. 15, 1858 incl. and at \$51.25 per share to Jan. 15, 1858 incl. and at \$51.25 per share to Jan. 15, 1858 incl. and at \$51.25 per share to Jan. 15, 1858 incl. and at \$51.25 per share thereafter; plus dividends.
SINKING FUND—Annually and cumulative beginning with fiscal year ending 1955, cash (or \$3 preferred issued prior to close of next preceding fiscal year, plus sinking fund arrears.
OTHER PROVISIONS—See 41% preferred.
PREEMPTIVE RIGHTS—None.
PURPOSE—Issued, in Mar., 1855 under mer-

PREEMPTIVE RIGHTS—None.
PURPOSE—Issued, in Mar., 1935 under merger terms, in exchange, for 33 preferred of Affiliated Gas Equipment Inc. (see above).
LISTED—On New York Stock Exchange.
TRANSFER AGENT—Marins Midland Trust Co., New York.
REGISTRAR—City Bank Farmers Trust Co., New York.

2. Carrier Corp. common; per \$16:

AUTHORIZED—5.000,000 shares; outstanding.
Mar. 1955. 1,592,209 shares; par \$10 (changed from no par to \$1 par Sept. 12. 1828. share for share; changed from \$1 par to \$10 par Aug. 15. 1944. share for share; changed from \$1 par to \$10 par Aug. 15. 1944. share for share).

VOTING RIGHTS—Has one vote per share.

DIVIDEND RECORD—

1930-67 nil 1948... \$0.25 1948-50 \$1.00 1954.

[H1851. \$1.00 1482... 1.40 1863... 1.85 1854... 2.00 [H1853... 9.75 1]

[Halso 10% in stock... ETO Mar. 2.

Dividends payable quarterly, Mar. 1. etc., to stock of record about Feb. 15, etc.

DIVIDEND RESTRICTIONS—See long term debt and 4½% preferred (No. 1) above. As of Oct. 31, 1954 about \$7.500,000 of earned surplus was not so restricted.

PREEMPTIVE RIGHTS — Has preemptive rights except for (1) preferred not convertible into common; (2) common stock reserved under options (up to 712% of maximum shares issued or 250,000 shares, whichever is less); (3) indebtedness convertible into common; (4) options granted by directors.

TRANSFER AND DIVIDEND DISBURSHING AGENT—Guaranty Trust Co. New York.

REGISTRAR—Chase Manhattan Eark of New York.

REGISTRAR—Chase Manhattan Bank of New York.
LISTED—On New York and Midwest Stock Exchanges. Unlisted trading on Boston and philadelphia-Baltimore Stock Exchanges.
Subasripties Sighter Common stockholders of record Jan. 7, 1846 had right to subscribe to 112.27 shares of \$50 par 4% conv. preferred stock at \$50 par share, on basis of 22 shares of preferred for each 100 common shares held. Rights expired Jan. 22, 1846.
Common stockholders subscribed to 112.887 shares. Balance of 7,113 shares sold by underwriters.
Common stockholders of record June 12.

common stockholders of record June 12, 1951 had right to subscribe to 216,504 \$10 par common shares at \$13.50 per share on basis of one share for each 3 shares held. Rights expired June 26, 1951.

Common stockholders of record Sept. 3, 1952 had right to subscribe to 78,734 shares of 350 par 4.5% conv. preferred stock at \$33 per share on basis of one share for each 11 common shares held. Rights expired Sept. 17, 1952.

Common stockholders of record Sept. 17, 1953.

CONTINENTAL CAN COMPANY, INC.

CAPITAL STRUCTURE Times Charges Earned 1954 1953 FUNDED DEBT
Issue

1. Sinking fund debenture 3s, 1965...
2. Sinking fund debenture 3s, 1965...
3. Sinking fund debenture 3s, 1965...
4. Sinking fund debenture 31/4s, 1965...
5. Debenture 31/4s, 1976... Amount Outstanding \$16.800,000 11.200,000 12.020,000 4.010,000 14.550,000 Interest Dates J&D 1 J&D 1 J&D 1 J&D 1 A&O15 Price Range 1934 1932-54 Reting 15.73 11.07 104%-103 1104%-00% 10335 CAPITAL STOCK

1. Since Value Value Outstanding 1954 1953

1. Since cumulative preferred No par 150,000 shs. \$138.25 \$104.54

2. Common 20 \$150.000 shs. \$138.25 \$104.54

Illiange since 50% stock dividend in 1934; range before dividend (years 1932-34), and the price changes; see text. Illiange since 1951. Divs. per Sh. Call Price Range 1954 1953 Price 1954 1932-54 \$3.75 \$3.75 110 1063-96 [11123-87 2.70 2.40 --- 794-5416 [1994-2116 \$94-17%. Esee text. Hange since 1945. Epri-

minary enter 50% stock dividend in 1934; range before dividend (years 1932-34), 884-178. Hisse text. MRange since 1931.

MISTORY

Incorporated in New Year Jan, 17, 1941, or incorporated in New Year Jan, 17, 1941, or incorporated in New Year Jan, 17, 1941, or cash. Operations are conducted either incorporated in New Year Jan, 17, 1941, or cash. Operations are conducted either incorporated in New Year Jan, 17, 1941, or cash. Operations are conducted either incorporated in New Year Jan, 17, 1941, or cash. Operations are conducted either incorporated in New Year Jan, 17, 1941, or cash. Operations are conducted either incorporated in New Year Jan, 17, 1941, or cash. Operations or cash. Operations or cash of continents of Los Angeles Can Co. Jan, 1977, secutived stock of Seattle Can Co. Inc. of Call Four Feor of more important subsequent acquisitions to 1980, see Moody's 1948 Industrial Can Co., Inc. of Call Four Feor of more important subsequent acquisitions to 1980, see Moody's 1948 Industrial Can Co. Inc. of Call Four Feor of more important subsequent acquisitions to 1980, see Moody's 1948 Industrial Can Co. Inc. of Call Four Feor of more important subsequent acquisitions to 1980, see Moody's 1948 Industrial Four Feor Operations of Continents Co. Can Machinery Corp. of Rulland, Vt., makers of paper can manufacturing sequence of Corp. See Moody's 1948 Industrial Four Feor Operation of Carden Feor Minardson Co. Can Machinery Corp. of Rulland, Vt., makers of paper can manufacturing sequence of Corp. Security of Continents of Continents

it range before dividend (Years 1832-34), 294-17%. Else text, Ellange since 1945. GPriprice changes; see text. Flange since 1951. Septice changes; see text. Flange since 1952. For each, Operations are conducted either as separate subsidiaries or as independent divisions.

Also in 1944, Continental Overseas Corp. to represent company and subsidiaries in all countries outside of the United States and its possessions, except Canada and Cuba through handling, export and licensing of products to foreign countries, and generally supervising relationships of Continental Can with its associate companies overseas.

In 1945 acquired, either stock or assets, for cash of; Gould Peper Co, Lyons Falls, N. Y. (sold in 1951); Bamberger-Kraus & Co., Pittsburgh, manufacturers of crown caps and Fibre Can Machinery Corp. of Rutland, Vt., makers of paper can manufacturing equipment. Also dissolved Continental Can Corp. which acquired assets and liabilities of Socieded Industrial de Cuba and Biblittes of Vaporized Metal Coatings, Industrial Biblittes of Vaporized Metal Coatings, Industr

On Dec. 31, 1954, held 100% voting power (unless otherwise noted) in the following subsidiaries:

sidiaries:
Name, place of incorporation and business;
Benjamin C. Betner Co. (Del.)—Inactive
Colonial Canners Ltd. (Ont.)—Owns various
canning properties in Canada
Perga Containers, Ltd. (Can.)
Continental Can Co. of Canada Ltd. (Can.)—
Can manufacturing
Continental Can Corp. (Del.)—Can manufacturing

turing
The Container Co. (Obio)—Fibre drums Continental-Shellmar Incorporated (Ohio)— Western hemisphere corporation Continental-Shellmar International Co., Inc. (Ohio)—World trade corporation

Continental Timber Lands Corp. (Va.)-Real

MOODY'S INDUSTRIAL MANUAL

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2. D. E. Fuller & Co., Inc. 5%, camulative second preferred; par \$5:
AUTHORIZED — 72,000 shares: outstanding, 70,337 shares; in treasury, 1,663 shares; par \$5.
PREFERENCES—Has second preference for assets and dividends.
DIVIDEND RIGHTS—Entitled to cumulative dividends of 30 cents per share annually, payable each July 15. commencing 1951.
DIVIDEND RECORD—Initial dividend of 30 cents paid July 16, 1951; regular payments since.
VOTING RIGHTS—None, except under law.
LIQUIDATION RIGHTS—In any liquidation entitled to \$5 per share and dividends.

AND THE PROPERTY OF THE PARTY O

PREEMPTIVE RIGHTS—None. CALLABLE—At \$5.50 per share plus divi-

dends.
ISSUED—(72,000 second preferred and 72,000 common shares) for acquisition of Dorset, Fabrics, Inc., under contract dated June 14, 1922

1950.
REGISTRAR—New York Trust Co., New York.
3. D. S. Fuller & Co., Inc. commes; par 19
cents:
AUTHORIZED—1.250,000 outstanding June 30,
1955, 961,504 shares, sufficient reserved for
conversion of preferred; par 10 cents.
At Oct. 29, 1955, J. P. Stevens & Co., Inc.,
owned 91.2% of common shares.

above.
PREEMPTIVE RIGHTS—N
OFFERED—See No. 1, abov -None.

TRANSFER AGENT—Registrar & Transfer Co., New York. REGISTRAR-New York Trust Co., New York.

Options: Outstanding, June 30, 1955, options held by certain employees on 19,250 common shares at \$1.75 per share.

WORUMBO MANUFACTURING COMPANY (Controlled by J. P. Stevens & Co., Inc.)

Mistery: Incorporated, March 20, 1863, in Maine, as the Little River Manufacturing Co. Business: Manufactures covert cloths, maitons, beavers, chinchills, ladies' goods, etc. Preperty: Mills located at Lisbon Falls, Me. Officers: G. H. Viles, Chmn.: Oliver Moses, and Pres.; A. P. McFarland, Vice-Pres.; M. W. Smith, Treas. & Compt.; F. S. Gutmann, Vice-Pres. and Clerk.

Pres. and Clerk.

Directors: R. H. Baxter, Bath, Me.; A. P. McFarland, Brunswick, Me.; F. S. Gutmann, Auburn, Me.; G. H. Viles, S. Paris, Me.; Oliver Moses, 3rd, Lisbon Falls, Me.; J. P. Maguire, K. W. Fraser, J. M. Hughlett, New York; D. C. Johnston, N. Andover, Mass.; J. J. Mahon, Lewiston, Me. Auditers: Spark, Mann & Co, Ansual Meeting: In Feb.

No. of Stockholders: Dec. 31, 1955: Prior preferred, 283; common, 230.

No. of Employees: Dec. 31, 1955, 500.

Office: Lisbon Falls, Me. income Account, years ended Dec. 31:

	1900	1934 1
Gross profit	\$244.378	3606.863
Selling, etc., exp	516.292	502.987
Depreciation	112.026	107.413
Net earnings	d 383.940	d 3.537
Other income	4.979	1.016
Loss	378.961	2.521
Interest, net	70.402	50,729
Net loss	449.364	53.249
Prev. earn. surp	856.791	942,790
Prior pref. divs.	32.750	32.750
Earn. surp 12-31.	374.677	
		856.791
Earn., pr. pfd. sh	Nil	Nil
Earn., com. share.	đ \$4.38	d \$0.78
No. pr. pid. sha	6.550	6,550
No. of com. shares	110,000	110,000
######################################		

No. of c	om. share	s 110	,000	110,000
Zárnir	Gross	to Dec. 31 Net	(in \$): No. of	Earn.
	Profit	Profit	Shares	on Com.
1955	244.378 606.853	d 449,364 d 53,249	110.000 110.000	d 4.38 d 0.78
1953	160.792	d 278,399	110,000	d 2.83
1952 1951	766,299 1.126,850	130,842 293,108	110.000 110.000	0.89 2.36
1950	1,010,491	254.R35	110,000	2.01
1949	120.812 502.943	d 173.618 90.078	110,000	4 1.89 0.51

Profit P	Tofit 65.524		Earn. on Con	-
			3.45	- {
	H Deci	31:		
Assets:				
Due from factors				
		570		
	1 822	536		
				-
Total current	\$1,978	1,375	\$2,256,74	5
Plant and equip			2,860.29	8
Depreciation			1,358,47	9
Net property				
Lad. prop. improv.			11,93	9
Deid. charges, etc.	63	7,226	43,69	4
Total Liabilities:	\$3,477	7,571	\$3,814,19	8
Accounts payable.			\$246,20	6
Note payable	721	5.000	875,00	0
				-
Accrusis, etc.	32	2.657	48,40	4
Total aucres	#1 211	-	91 100 01	7
5% pr pref (\$100)				
Com. stock (\$10).				
Capital surplus				
Earned surplus			856,79	
				-1
	Profit P 1947	Profit Profit 1.154.666 1847 1.154.666 185.524 1848 185.524 1848 185.524 1848 185.524 1848 185.524 1848 185.524 1848 185.524 185.524 185.524 185.524 185.524 185.525 18	Profit Profit Shares 1.154.666 365.524 110.000 1.157.224 211.682 110.000 1.157.224 211.682 110.000 1.157.224 211.682 110.000 1.158.225 110.000 1.158.2	Profit Profit Shares on Com 1.154.666 365.526 110.000 2.59 1846 1.157.224 221.682 110.000 2.59 1846 1.157.224 221.682 110.000 2.59 1846 1.157.224 221.682 110.000 2.45 110.0

et tang. com. sh. \$13.70 EAt lower of cost or market. Capital Stock: 1. Worumbo Mfg. Co. 3% orior preference; par \$100:
AUTHORIZED — 8,522 shares; outstanding. 6,550 shares; par \$100.
PREFERENCES—Has preference for assets

PRIFERENCES—Has preference for assets and dividends.
DIVIDEND RIGHTS—Entitled to cumulative dividends of \$5 per share annually payable semi-annually 12cD 1 since payment of additional dividends of \$4.75 in 1944 and \$25 in

1945.
DIVIDEND RECORD—1936 and 1937. 23.50:
1938 to 1941. none: 1942. \$7: 1943. \$14 (clearing arrears): 1944. \$8:25: 1945. \$25: 326. \$25: 1945.

which would reduce (a) quick assets to less than 3 ½ times current liabilities, or (b) total net assets (before deduction of liabilities represented by all outstanding stock) to less than twice par value of outstanding prior preference.

twice par value of outstanding prior preference.

VOTING RIGHTS—Has no voting power unless dividends of at least 5% are in arrears when prior preference has 10 votes per share and in addition is entitled to elect 5 directors (board limited to 10 members at such time).

Consent of 75% of prior preference necessary to (1) dispose of major part of property or business; (2) incur or guarantee funded debt maturing in more than 15 months (except purchase money obligations and renewal thereof), or guarantee any dividends; (3) create any lien on property, except purchase money or existing liens on after-acquired property; (4) authorize any stock prior to, or increase authorized amount of, prior preference.

ence.

LIQUIDATION RIGHTS—In liquidation, entitled to \$100 per share if involuntary and
\$110 per share if voluntary, plus accrued dividends in either case. PREEMPTIVE RIGHTS-None.

PREEMPTIVE RIGHTS—None.

CALLABLE—As a whole, or in part by lot, on at least 20 days' mailed notice on any dividend date at \$102 per share and accrued dividends.

dends.

2 Werumbe Mfg. Co. semmon; per \$16x AUTHORIZED—119.000 shares: outstanding, 119.000 shares: outstanding, 119.000 shares: par \$10 (changed from \$100 par in Oct., 1946, ten \$10 shares issued for each \$100 share).

At Jan. 16, 1956, J. P. Stevens & Co., Inc. owned 73.4% of common shares.

DIVIDEND RESTRICTIONS—See prior preference stock (No. 1) above.

DIVIDENDS—

1946—47 \$1.00 1948... \$0.50 1949... nil 1950—51 0.75 1952... 0.50 1953—55 nil 1950—51 0.75 August Preferred: Marnhants Na-

Transfer Agent Preferred: Marchants Na-tional Bank of Boston. Common: Treasurer of

CARRIER CORPORATION

LONG TERM DEBT Issue 1. 334% notes due serially 1960-79 2. 334% notes due serially 1955-75	Rating	Amount Outstanding \$25,000,000 6,201,000	Times Charges Earned 1955 1954 18.00 18.43	Interest Dates	Call Price
CAPITAL STOCK	Par	Amount	Earned per Sh.	Divs. per Sh.	Call Price
Issue 1. 4%% cum. preferred	Value \$50	Outstanding 208.689 shs.	1955 1954 \$40.67 (I)	1955 1954 \$1.6834 []	Price
2. Common	10	1,692,209 shs.	4.82 \$4.69	2.35 \$2.00	

TPrivately placed. Elssued in Mar., 1955. ESubject to change, see text. E1955 range.

HISTORY

CAPITAL STRUCTURE

Incorporated in Delaware, Oct. 31, 1830; consolidation of the Carrier Engineering Corp. (stablished in 1915) and its subsidiaries, Carrier Construction Co., Inc. and W. J. Gamble Corp., also Brunswick-Kroescheil Co. (established 1922, resulting from the consolidation of the Brunswick Refrigerating Co. (established 1906), Kroeschell Brothers Ice Machine Co. (established 1894) and kroeschell Brothers Co. (established 1894) and also York Heating & Ventilating Corp. (established 1919) and its subsidiary, York Building Corp.

The consolidation was effected Jan. 1, 1831, through the exchange of stock. (For details see Moody's 1935 Industrial Manual.)

Effective Mar. 1, 1955 merged Affiliated Gas Equipment. Inc., Cleveland, O. (incorporated Aug. 1, 1948). Under plan company issued one \$50 par \$3 cum. preferred share for each \$50 par \$3 preferred share of Affiliated and one-tenth of a \$50 par 41% cum. preferred share plus two-elevenths of a common share for each Affiliated common share.

SUBSIDIARIES

المحان

Company principally an operating company owns the following subsidiaries (all 100% owned except as noted):
Cambridge Corp. (Del.) (89%) Lowell, Mass.
Cambridge Corp. (Del.) (81%)
Carrier Contracting Corp. (Ill.)
Carrier Engineering Ltd. (Canada)—Distributor in Canada

5. Subject to change, see text. [1955 range.]
Syracuse Land Development Co.
Carrier International, Ltd.
Carrier A. G.—Switzerland.
C. E. Howard Corp. (Cal.) (63%)
Carrier Houston Corp. (Tex.)
Payne Furnace Co. (Cal.)
Spectrol Corp. (Cal.)
Tokyo Carrier Kogyo Kabushi Kaisha (Japan)
Bryant Manufacturing Co., Ltd., Ontario,
Canada
Canwell Inc. (Mass.)
Distribution Credit Corp. (Del.)
Also owns 50% interest in Colonial Credit
Corp. and Bryant Industrial Products Corp.
(Ohio), and 55% interest in Air Conditioning
Corp. (Ky.)
Foreign Association Companies: Oriental

Foreign Association Companies: Oriental Carrier Engineering Co., Ltd. (75%), Tokyo and Carrier-Lixklett, S. A. (40%), Buenos Aires.

BUSINESS

Manufactures, sells, installs air conditioning, refrigerating, heating, and ventilating squipment for stores, theatres, hotels, office buildings, hospitals, railroad cars, truck trailers, airplanes, homes, factories, ships, industrial buildings, refrigerated warehouses and food freezing plants, etc. Other products include humidifying and dehumidifying devices, equipment for concentrating circus juice and other liquids and freezing food.

Company also makes air conditioning units for homes called the Weathermaker for cool-

ing and dehumidifying in summer and heat-ing in winter.

Price Range 1955 1932-55

Price Range 1955 1932-55

(E)5314-4914 6714-214

PROPERTY

Main property of company consists of 4 large manufacturing buildings and related facilities located in Town of Dewitt, adjacent to Syracuse, N. Y., with aggregate floor space of about 1,200,000 sq. ft. Company owns directly, or indirectly through a wholly-owned aubsidiary, almost 700 acres of land in this

area.

Company also leases Geddes St. property, which it formerly owned, in Syracuse. This property consists of 2 manufacturing buildings, an office building, a research and development building and related facilities with aggregate floor space of about \$30,000 cm of the state of the state

velopment building and related recurrent with aggregate floor space of about 930,000 sq. ft.

Also owns plant at Indianapolis, Ind. containing about 269,000 sq. ft. of floor space and one at Monrovia. Cal. with about 257,000 sq. ft. of floor space. Leases plants at Tyler, Tex. and New Lexington and Cleveland, O. with combined floor area of 230,511 sq. ft.
One Caeadian subsidiary owns and operates a plant while the other leases a plant both at Toronto, Ontario.

MANAGEMENT

MANAGEMENT

Officers:
Cloud Wampler, Chairman
William Bynum, President
L. C. Harvey, Senior Vice-Pres.
F. F. Hoyt, Vice-Pres, and Tress.

2440	MOODY'S	יזמיאז	STPT 4T	7/ /			
M. C. Holm, Vice-Pres, and Com	pt. Directe	711 DU	DIRIAL	MANU	JAL		
W. J. Bailey, Vice-President		Beam, Clev Bell, New	eland	1	Gardner Sym Cloud Wampl	onds, Houston	
R. N. Campbell, Vice-President R. N. Campbell, Vice-President H. L. Clary, Vice-President H. M. Dirks, Vice-President C. V. Fenn, Vice-President Loren Fletcher, Vice-President W. A. Grant, Vice-President	waii	am Bynum.	Syracuse		Auditors: Arth Annual Meetin No. of Stockho No. of Employe	ur Andersen &	Co.
H. M. Dirks. Vice-President	Citte	rd Hemphil	I. New York		No. of Stockho	iders: Oct. 31.	7 in Feb. 1955, 14.170
Loren Fletcher, Vice-President W. A. Grant, Vice-President Russell Grant	W. A	McAfee, C	eveland	1.	Office: 300 So:	Pes: Oct. 31, 195	5, 9,078
Russell Gray, Vice-President	C. G. B. F.	Parker, Ne	Syracuse racuse i, New York iyracuse eveland Syracuse enah, Wis. York tuse W York Bridgeport G	1	New York. Orders Booked	Venze anded C	maragere T
George Villians	F. B. H. E.	Scott Syrac	use Vork		Orders Booked 1955	1.183 1951 7.966 1950	E2.095.36:
INCOME ACCEPTANTY				Conn.	1952 176,071 1952 103,971	3.143 1949	44 5 0 168
INCOME ACCOUNTS C	ONSOLIDATED IN	COME ACC	OUNT, YEAR	S ENDED ()(T)		52.676.015
Cost of sales ate	5190.015.233	\$151.399.008	1953 \$164.437,530	1059	_ 1951	1950	••
	164,115,393	133,895,197	129.078.975 16.771,144	\$107,700,70 82,064,42	2 \$80.935.762 0 60.004.306	\$62.390.539 46.979.300	1949 845,209,189
Other income	25.899.840	17.503.811	18,587,411	12,923,83		8.474,135	35.653.962 7.584,734
	1,298,233 27,198,073	1.383,866	833,332	520.68	518,953	6.937,104 364,3 6 2	2.970.473 343.411
Plant restrangement of the section	1.510,853	18.887.677 1.024,664	19.420.743 874,609	13.233,13 918,61		7,301.466	3,333,814
The second profits taxes	17,200,000	11.000,000	12.439,000	7.792.00	- 183,392	407.652 251.364	315.130 215.787
Net income Previous earned surplus [ESubsidiary's surplus	8.487.220 25.078,050	6.863.013	6.107.134	4.522.51	3 574 340	3.478,000	968,000
Prior year tax adjustment	6,647,515	21,124.039 19,932	17.363,587	14,271,20	8 12.530.759	3.164.450 9.7 5 3,339	E1.834.967 8.737.380
	306.675 E) 24.854	40	224,689	204.72		er 421,778 218,226	
Common dividends Common stock dividend EOther common dividends	3,805.791	2,928,894	2,121,993	1,225,410		\$90.522	228.00
Estrad surplus O. 4 as	375,379	******			880,079		590,570
TAfter depreciation: 1955, \$3.611.61 \$2.517.042; 1953, \$2.142.468; 1952, \$1.983.98 \$1.584.669; 1950, \$1.386.932; 1949, \$1.278.3 Elincludes excess profits tax: 18	\$35,700,085	\$25,078,050	\$21,124,039	\$17,363,587	-	12,530,759	
\$1.584.669; 1950, \$1,386,592; 1952, \$1,983,98 (3)Includes	7: 1954. stated: 19 3: 1951. \$1.334.000;	1950, \$402.000	0; 1952, \$1,283,6). plus of <u>Affilis</u> of Oct. 31 1952	000; 1981, L	1884: Parmed and		9,753,339 Engineering
②Includes excess profits tax: 19.	4 not Equipmen	t, Inc., as o	of Oct. 31, 1954	ted Gas	td. (see general; ENet income g a adjustment; il E1955: Dividend	iving effect to	retroactive
Record of Earnings, years ended Contracts Cost an				m	E1955: Dividend ent Inc. paid pr	s of Affiliated	Gas Equip-
Year Contracts Cost and Sales Expense		Oth. Inc. &	Inc. Bef. 1	ncome			_
1937 \$10.463.711 \$9.963.2 17.412.355 78.756 7	\$500,422	Ded. (Net) \$89,109 4 353,422	Taxes 2589_531	Taxes \$82,057	Income Divid	ends Outstand	
1036 10.598.374 11.735.05	1 41136 857	253.422 2.637	302.734 £ 1,133.020		250,795		81.36 0.64
14.883.641 13.623.2	778 069	3.637 71.457 6 14.766	18,789 - 763,296	236.668	18,789	390,808	₫ 2.90 0.05
14.883,641 13.623,2 191942 20.928,998 18.490,6 191944 27.829,041 24.913,71 191945 38.255,974 34.085,5	2,438,390 7 2,915,324	4 87.471 4 70.632	2.367,758 1	657.000 .749.675	515.944	392,156	1.31
38,255.974 34,085.53 1 1945 29,144.391 28,669,8	6 4.170.439	d 35,640 d 67,866	2,990,964 2	.249.655	701.309	405,666	1.52
23.376.247 24.894.49 52.910.590 48.062.92	1 41.418.244	¢ 577.213 ¢ 170.317	# 1.588.561 CT 1.	485,000 .898,000	1.162.972 382.301 309.439	430,691	2.73 0.53
					2.710.412	590.578 590.578	0.20 3.44
1942, \$1,234.889; 1943, \$1,284,507; 1944, BALANCE SHEETS ASSETS:	\$1,132,572; 1945, \$6	income giv. 51,707; 1946.	ing effect to re \$319,368: 1947.	etroactive t	ax adjustment: 1	940, \$698,668; 19	4.19 41, \$923,85 8;
Cach	CONSOLIDAT		CE SHEET, A	S OF OCT	•1		
Cash U. S. Govt. and other securitiess	S21.495.989 S	14.461.509	1953 \$13,144,832	1952 \$9.089.492	1951	1950	1949
Receivables	1,614,000	4,495,000		8,121,953	\$ 5,674,314	\$3,138,684	\$6,146,711
Uncompleted contracts	28.761.399 4.542.777 2.215.423	18.741.017 236.648	21.143.815 1.223.396 6.995.761	17.081.317 4.785.192	301,852 15,318,629	1,023,270 7,613,455	\$35,000 4, 94 9,275
	35,708,212	5,919,308 24,402,003	6,995,761 24.881,0 9 0	7,220,806 15,141,198	1,622.384 4.427,823 17,449.996	1,376.996	677,691
Property & equipment	\$94,357,800 \$6 41,645,022	8.255,485	\$67,388.894	361,439,958	844,493,146	13,638,944 \$26,791,348	9,977,935
Net property, etc.	14,275.844	28.578.663 8.446.173	26.844.932 7.141.195 19.703.737	23.330.032 6.035.851	20.218.935 5.370.747	17.322.569	822,386,612 14,445,255
Patents, etc.	1	1 105 040	. 1	17,294,181	14,848,188	4,417,552 12,905,017	3.896.248 10,749.007
Investment, net Plant purchase fund Preferred sinking fund Prepayments, etc.	12,500.000 1	1,106.040 .0,000,000	1.206.120 10.000.000	497.710 1.250.000	420.838 485.000	180.061	216.035 1,500.000
Total		1,754.509	1,747,215	231,121 1.924,499	150,000 1.844,147	1,640,000 150,000 1,535,139	150.000 1,227,185
Total	\$137,799,911 \$10	1,248.525	\$100,045,967	\$82,637,470	\$62,241,320	1,835,139 843,201,567	\$36,128,840
Notes payable Current installment on debt Accounts payable	\$250.000		\$7,000,000	\$12,000,000		40,4V2,50/	
Dividende	16.697.225 s	7.711.017	13,445,842	9,440,162	\$5.000.000 996.000	842.000	
Accruais Gincome taxes Uncompleted contracts	1,105,922	732.231 2,632.3 71	726.350 3.689,972	316.023 2,257,371	6,666,403 216,514	4.370,496 147.646	\$1,756,118 147,645
Uncompleted contracts		9,792.025	341.000 10.516.097	6.487,517	1.993,702 2.780.000	1,347,143	1,007,214 2,029,251
Notes payable	\$26.376.600 \$20 30,951,000 22	0.867.644	\$35,719,261	\$30,501,173	\$.585,792 \$21,238,411	2.061.023	2,029,E51 \$4,940,528
Reserve for moving expenses 4% preferred stock (\$50) 4.5% preferred (\$50) 4.5% preferred stock (\$50) 4.5% preferred stock (\$50)		5,000,000	12,500,000 393,122	12,500,000 445,693	8,362,000 449,323	\$8,668,308 8,358.000	7,500,000 609,376
412% preferred stock (\$50)			1,877,800	5.087,700 3.518,150	5,170,700	472,122 5,35 8,100	5,563,250
[2] Canital assembles	16.922.000 ±2	.645.260	14.046.434	8.830.514	2 862 904	E 807 500	E 005 780
	17.415.686 35.700.085	5.657,571 5.078,050	14.385.311 21.124,039	4.390.653 17.363.587	8.662,294 4.087,384 14,271,208	5,905.828 1,908.450	1 856.267 9 753.339
Total Net current assets DAt lower of assets	\$137,799,911	249 525	****		\$62,241,320	12,530,759	128 840
Principal "Capital Summer	penses, \$7.413	1,381, 541 3,880: excess	\$31,569,633	\$30.938,785	\$23,254,735 Values on conver		
MAt lower of cost or market. ### Principal "Capital Surplus" change follows: 1955: After crediting capital surplus of ###################################	preferred ex	red over pa	r value of 31, efor, plus relat	870 \$3 227 4	values on conver .8% preferred sh: \$5,705,796 excess	sion of 64,198 4% ares into commo	n shares,
1954, \$9,216.644 excess of ne. as of Oct	31. shares redee	is; premium	on 1,220 \$3 pres	ferred 278,4			
1955. After crediting capital surplus of filiated Gas Equipment. Inc. as of Oct par value of 50,000 4% por par value of 50,000 4% por perferred shares shares of Carrier Corp. over par value hares of Aftilized Corp.	over 1954: After	crediting \$1	.272.518 differen	nce in ing	\$349.882 applicab \$680 difference in ed shares redeem		
par value of 50,000 415% preferred shares; \$41,059; after debiting excess of par value shares of Carrier Corp. over par value shares of Affiliated Gas Equipment, Inc. changed therefor, plus related merger	of ducting \$258	s into communication	non shares an	d de- 19	ed shares redeem il: After crediting over cost of 3.	ied. 1g \$34.597 exces	s of par
thenged theretor, plus related merger	ex- 1953: After	crediting S4	ed. .289.542 differen	tired	e over cost of 3. and difference on of 48 preferr	in bar asines	OD COD-
				mr . AETS)	on or so bletch	ed surres mio	
•							

	[] Year 1954 1953 1952	Net Sales \$194.140.638 227.762.078 162,671,085	TBal. for Com. (\$8,177,946 7,763.094 5,672,010	DEarn. Som. Sh \$4.83 4.59 3.35
-1				

MATISTICAL	RECORD.	EIRCAL	YEARS

			i i				
<u>n</u>	OODY'S	INDUS'	TRIAL I	MANUA	L		2441
2289.422 excess of amount charge aned surplus over par value of 59,065.8 on shares issued as stock dividends, an	com- ment. I	55 also includes nc.; 1954 consol two wholly-ow	lidated statem ned subsidiar	ients in- DYer	er Si 122	les Com 019.594 4.520	for TEarn. n. Com. Sh .017 2.57
#15 excess of proceeds over par value of the first state of common shares sold (after \$201.87 to be scale expenses). Market of the first state of	3 ap- years e	c and one Can xclude Canadian ined Consolidate r Corp. and Affi	n subsidiary. Id Sales and E	arnings: and	ifter dividends after \$281.758	606,449 4,792 s paid on prefe annual provisi preferred sto	erred shares
1935, \$17,350,000; 1954, \$10,500,000; 1953, \$10,500,000; 1953, \$10,500,000; 1954, \$10,500	0, \$3,-	Net Sales	[]Bal. for Com.	DEarn. DE Com. Sh. outst	Based on 1,692, anding.	209 common s	hares to be
a system of earned surplus was free of the system of the s	of real 1953	227,762,0	7,763.094	4.59 men	: Inc., except 1 31 and years	for Affiliated 954 which is fo ended Oct. 31	or 10 mos. to
TATISTICAL RECORD, FISCAL YI	1955	1954	1953	1952	1951	1980	1949
prined per share—preferred	\$40.67 4.82	\$1.60	34.19	\$4.88	\$3.88	\$4.99	\$2.7
es the E	1.68% \$2.35	\$2.00	\$1.85	\$1.40	\$1.00	\$1.00	\$1.0
4 794	5314-493 <u>4</u> 6434-483 <u>6</u>	6314-4694	4834-3436	3676-2176	2534-1834	2174-1574	1816-121
net tangible assets per sh.—pid	\$385.61 \$41.39	\$37.81	\$35.28	\$34.64	\$31.19	\$34.45	\$29.60
mes charges earned:	18.00 - 6.62	18.43 7.70	22.20 7.38	14.41 5.92	26.87 9.78	17.29 8.76	9.8:
After income taxes 5.130	25.60 \$3.600 \$2,196	\$3.215 \$1.896	\$5,115 \$2,502	\$4,135 \$2,475	\$4.850 \$2,781	\$4.075 \$2.168	\$4.07 \$2.31
(387 Fumber of shares—4% preferred			37,556	101.754 70,363	103,414	107,162	111,26
-4½% preferred	208.689 1,692,209	1,464,526	1,404,643	833,051	866,229	500.583	\$80,57
(Calendar years.							

[Retired Aug. 20, 1953.

EBased on number of shares outstanding at Oct. 31, 1953 exclusive of 278,422 shares issued in final month of fiscal year, earned per share gould be equal to \$5.22. MRetired Dec. 10, 1953.

LONG TERM DEST

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Term Loan: (1) Outstanding, Oct. 31, 1955, 25,000,000 334% notes payable annually on June 1 as follows: 1960-64, \$1,000,000; 1965-74, 1,250,000; 1975-78, \$1,500,000; balance on June 1, 1979. Proceeds to repay \$12,500,000 3.25% notes due 1972 and for other corporate purposes, including expansion of production incilities.

sotes due 1972 and for other corporate purposes, including expansion of production iscilities.

Company may not pay cash dividends on a acquire capital stock unless thereafter such disbursements after Oct. 31, 1953 do not exceed consolidated net income since that date plus \$3,000.000 and consolidated net current assets (as defined) at least equal \$35,000.000 but annual dividends and sinking lunds payment on preferred (as defined) are specifically permitted.

(2) Outstanding, Oct. 31, 1955, \$6,201,000 \$747, notes payable \$250,000 annually to Mar. 1, 1975, Proceeds used to retire equal amount of notes of Affiliated Cas Equipment, Inc., which was merged Feb. 22, 1955.

Company may not pay cash dividends on common or acquire capital stock (other than

rep. 28, 1955.
Company may not pay cash dividends on common or acquire capital stock (other than for preferred sinking or retirement fund) in excess of consolidated net income after Oct. 11, 1954 plus \$7,500,000; also agrees to maintain consolidated net current assets of at least \$43,000,000.

CAPITAL STOCK

1. Carrier Corp. 41/2% cumulative preferred; per \$50:

Par \$50: AUTHORIZED—All series, 1.000.000; 414% series, 350.000 shares outstanding Dec. 31, 1955, 413° series, 208.689 shares; par \$50. PREFERENCES—Has preference for assets

PREFERENCES—Has preference and dividends.
DIVIDEND RIGHTS—Entitled to cumulative dividends of \$2.25 per share annually, payable quarterly on last day of feb., etc.
DIVIDEND RECORD—Initial dividend of \$64; cents paid May 31, 1955; regular payments since.
DIVIDEND RESTRICTIONS—Company may not nay each dividend on or accounter tunior

ments since.

DIVIDEND RESTRICTIONS—Company may not pay cash dividends on or secutire tunior stock in excess of consolidated net income after Oct. 31, 1934 plus \$6,000,000 and net proceeds of junior stock sold or if thereafter, on a consolidated basis, net tangible assets would be less than 175% of fixed liabilities and preferred stock.

Company may not pay cash dividends on junior stock if dividends, sinking fund or purthase fund are in default.

chase fund are in default.

VOTING RIGHTS—Entitled to one vote per share; on default of 6 quarterly dividends, entitled, voting separately as a class, to elect 2 additional directors.

Consent of 66 2/3% of all series of preferred required; to create prior stock or increase authorized shares of such other stock or to amend terms; consent of 66 2/3% of any series. Consent of majority of preferred, as a class required to increase authorized amount; create parity stock; merge or dissolve voluntarily.

ate parity stock; merge or dissolve voluntarily.
LIQUIDATION RIGHTS—In liquidation, entitled to \$50 per share if involuntary and redemption price if voluntary; plus dividends.
CALLABLE—As a whole or in part on 30 days' notice at any time to Feb. 28 incl. as follows (per share plus dividends): 1957, 353; 1959, S52.50; 1961, S52; 1963, S51.50; 1965, S51; 1967, S50.50; thereafter, S50. Also callable for sinking fund at S50 per share.
PURCHASE FUND—Annually (non-cumulative), Feb. 28, 1961-65, an amount sufficient to purchase at S50 per share 3% of maximum shares of 4½% series preferred issued before Feb. 28, 1961, less shares retired. Unexpended funds to revert to company's general funds. SINKING FUND—Annually and cumulative beginning Mar. 1, 1965, to extent earned, cash (or 4½% preferred) sufficient to retire on or before Feb. 28 following, 3% of maximum shares of 4½%; series preferred issued before Feb. 28, 1961, less shares retired.
OTHER PROVISIONS—Preferred acquired for the state of the series of the state of the st

Feb. 28, 1961, less shares retired.

OTHER PROVISIONS—Preferred acquired for sinking fund or redeemed, to have status of unissued shares: preferred of any series retired through sinking fund may be reissued as part of another series but preferred otherwise acquired may be reissued as part of same series or of another series if not prohibited. Terms of 4½% series do not prohibit such reissuance.

PREEMPTIVE RIGHTS-None

PURPOSE—Issued in Mar.. 1955 under merger terms in exchange for Affiliated Gas Equipment Inc. and in Dec. 1955 in exchange for \$3 preferred on basis of 1.05 shares for each \$3 share.

-On New York and Midwest Stock LISTED—C Exchanges.

TRANSFER AGENTS—Marine Midland Trust Co., New York: First National Bank, Chicago. REGISTRARS—City Bank Farmers Trust Co., New York: Harris Trust & Savings Bank, Chicago.

2. Carrier Corp. common; par \$10:
AUTHORIZED—5.000.000 shares; outstanding, 1.692.209 shares; reserved for options, 126,916 shares: par \$10 (changed from no par to \$1 par Sept. 12, 1938, share for share; changed from \$1 par to \$10 par Aug. 15, 1944, share for share).

Dividends payable quarterly, Mar. 1, etc., to stock of record about Feb. 15, etc.

stock of record about Feb. 15, etc.
DIVIDEND RESTRICTIONS—See long term
debt and 41% preferred (No. 1) above. Arof Oct. 31, 1935 about 59,973,000 of earned surplus was not so restricted.
PREEMPTIVE RIGHTS — Has preemptive
rights except for (1) preferred not convertible into common; (2) common stock reserved
under options (up to 71% of maximum
shares issued or 250,000 shares, whichever is
less); (3) indebtedness convertible into common; (4) options granted by directors.
TRANSFER AGENTS—Guaranty Trust Co.,
New York and First National Bank, Chicago,
REGISTRARS—Chase Manhattan Bank of

REGISTRARS—Chase Manhattan Bank of New York and Harris Trust & Savings Bank, Chicago.

LISTED—On New York and Midwest Stock Exchanges. Unlisted trading on Boston, San Francisco and Philadelphia-Baltimore Stock Exchanges.

Subscription Rights: Common stockholders of record Jan. 7, 1946 had right to subscribe to 118,257 shares of \$50 par 4% conv. preferred stock at \$50 per share. on basis of 22 shares of preferred for each 100 common shares held. Rights expired Jan. 23, 1946.

Common stockholders subscribed to 112,887 shares. Balance of 7,113 shares sold by underwriters.

writers.

Common stockholders of record June 12, 1951 had right to subscribe to 216,504 \$10 per common shares at \$12,50 per share on basis of one share for each 3 shares held. Rights expired June 26, 1951.

Common stockholders of record Sept. 3, 1952 had right to subscribe to 78,734 shares of \$50 par 4.8% conv. preferred stock at \$53 per share on basis of one share for each 11 common shares held. Rights expired Sept. 17, 1952.

Common stockholders of record Sept. 22, 1953 had right to subscribe to 278,422 \$10 par common shares at \$31.75 per share on basis of one share for each 4 shares held. Rights expired Oct. 7, 1953.

Steel: Options: Outstanding Oct. 31, 1955, options held by officers and key employees on 93.489 common shares at \$49.30 per share and on 6.511 shares at \$59.40 per share.

INDUSTRIAL BONDS CLASSIFIED BY RATINGS

A chronological list of industrial bonds in the Manual, classified according to Moody's Ratings, will be found in the blue insert in the center of the Manual. This tabulation affords the user a convenient record of all industrial rated bonds in one place, setting forth at the same time a grouping of rated bonds classified according to the rating. It will be found convenient and useful for comparative purposes.

MOODY'S INDUSTRIAL MANUAL

AMERICAN and FOREIGN

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1957

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LOS ANGELES

SAN FRANCISCO

LONDON: MOODY'S INVESTORS SERVICE LTD.

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2. Avce Manufacturing Corp. common; per 53:

AUTHORIZED—15.000.000 shares; outstanding, Nov. 30, 1936, 9.066.046 shares; in treasury, 3.-314 shares; reserved for conversion, 805.538 shares; reserved for options, 415.400 shares (including options on 302.244 shares not yet granted); par \$3 (changed from no par to \$5 par May 11, 1932; changed to \$3 par July 1, 1935 through issuance of the like amount of \$3 par stock plus one-tent share of American Airlines, Inc. and one-twentieth share of Canadian Colonial Airways, Inc. for each \$5 par share).

DIVIDEND RESTRICTIONS—See \$2.25 pre-ferred and long term debt above. DIVIDENDS PAID— 1979—17 NU 1938... \$0.1836 1939—40 NU 1991—1 \$0.15 1942... \$3.5 1943—48 \$0.20

1941... \$0.15 1947... 0.10

1950... 0.50 1951-52 0.60 1953... 0.30
1954... 0.10 1955... 0.20 1956... nil
10 Barney & Co., Edward B. Smith & Co., Chas
10 Pynchon & Co., Lane, Pipar & Jaffray, Inc., Air
10 Pynchon & Co., Lane, Pipar & Jaffray, Inc., Air
10 Pynchon & Co., Lane, Pipar & Jaffray, Inc., Air
10 Pynchon & Co., Lane, Pipar & Jaffray, Inc., Air
11 Investors, Inc., Park & Waibridge and Halle
12 de Suegitiz.
12 TRANSFER AGENTS—Schroder Trust Co.
13 New York; First National Bank, Chicago, Co14 Transfer Agent.
14 Divisional Co., Inc., Park & Savings Bank, Chicago, Co15 Registrar.
16 Listed On New York Stock Erehanse

80.18% 1939-40 NU Registrar. 0.25 1943-46 20.20 LiSTED—On New York Stock Exchange and 0.60 1949... 0.30 Midwest Stock Exchange; also unlisted trad-

ing on Pacific Coast, Pittsburgh and Detroit Stock Exchanges.

Subscription Rights: Stockholders of record June 22, 1838 had the right to subscribe to \$225,-917 additional shares of capital stock at \$2.30 per share on basis of one new share for each three shares held. Rights expired July 5, 1839.

Stockholders of record Feb. 24, 1841 had right to subscribe to 1,445,535 shares of additional capital stock at \$25.50 per share on basis of one share for each three shares held. Rights: expired Mar. 10, 1941.

Common stockholders of record Oct. 25, 1945, had right to subscribe for one share of \$2.28 preferred at \$50 per share, for each 20 common shares to 14.60, on the common of \$15.50 per share. On the common on \$15.50 per share. Options \$7.55 to \$7.75 per share. Options expire at varying dates from Aug. 27, 1959 to Nov. 14, 1961.

CARRIER CORPORATION

CAPITAL STRUCTURE	建 原基础 上上	•	Times			
LONG TERM DEBT	Rating	EAmount Outstanding	Charges Earned 1936 1955	Interest Dates	Call Price	Price Range 1956 1932-56
1. 334% notes due serially 1960-79	00	\$25,000,000	13.27 18.00	1	Price	II II
2. 34% notes due serially to 1975 3. Sub. conv. deb. 44s. 1982	(Î	5.701,000 (18,000,000	E	FEAT	₹105.50	II II
CAPITAL STOCK	Par	Amount	Earned per Sh.	Divs. per Sh.	Call	Price Range
Issue	Value	Outstanding	1986 1965	1956 1955	Price 252.50	1958 1932-56
1. 4%% cum. preferred	- \$50 10	208.689 shs.	\$14.90 \$40.87 5.26 4.82	\$2.25 131.88 34	₹32.50	33 16-43 (1)53 16-43 6236-49 16 67 16- 216
2. Common Privately placed. Elssued in Ma	irch, 1955. TAL	of Feb. 6, 1957.	ESubject to chan	ge, see text. 🖺 195	5-1956 range	. Lissued in Feb., 1957.

HISTORY

HISTORY

Incorporated in Delaware, Oct. 31, 1830; consolidation of the Carrier Engineering Corp., eatablished in 1913) and its subsidiaries, Carrier Construction Co., Inc. and W. J. Gamole Corp., also Brunswick-Kroeschell Co. (established 1922, resulting from the consolidation or the Brunswick Refrigerating Co. (established 1906), Kroeschell Brothers (co. (established 1897) and Kroeschell Brothers Co. (established 1897) and Kroeschell Brothers Co. (established 1894) and also York Heating Co. (established 1894) and also York Heating & Ventilating Corp. (established 1919) and its subsidiary, York Building Corp.

The consolidation was effected Jan. 1, 1831 through the exchange of stock (For details see Mordy's 1933 Industrial Manual.)

Effective Mar. 1, 1935 merged Affiliated Gas Equipment. Inc., Cleveland, O. (incorporated Aug. 1, 1948). Under plan company issued one \$30 par \$3 cum. preterred share for each \$50 par \$3 preferred share of Affiliated and one-lenth of a \$50 par 419% cum. preferred share plus two-elevenths of a common share for each Affiliated common share.

SUBSIDIARIES

Company principally an operating company

for each Affiliated common share.

SUBSIDIARIES

Company principally an operating company. At Oct. 2.. 1956, owns the following subsidiaries (all 100% owned except as noted):
Cambridge Corp. (Del.) (39%)
Carrier Contracting Corp. (III.)
Carrier Engineering Ltd. (Canada)
Colorado Research Corp. (Colo.)
Amsterdem Corp. (Pa.)
Carrier A. G.—(Switzerland)
Carrier Houston Corp. (Tex.)
Toyo Carrier Kogyo Kabushiki Kaisha (Japan) (75%)
Bryant Alsaufacturing Co., Ltd. (Canada)
Camwell Inc. (Mass.)
Distribution Credit Corp. (Del.)
Also owns 50% interest in Colonial Credit Corp. (Del.) and Bryant Industrial Products
Co. (Ohio), and 57% interest in Air Conditioning Corp. (Ky.)
Company also owns 116.974 common shares (21%) and 6.000 5% preferred shares of Elliott Co. (see general index.) manufacturer of electric motors and heavy equipment with plants at Jeannette and Ridgeway. Pa., Soringfield.
O. and Newark, N. J. In March, 1957, Carrier submitted a merger proposal to the company providing for exchange of shares: stockholders of the company providing for exchange of shares: stockholders of the company providing for exchange of shares: stockholders of the company providing for exchange of shares: stockholders of the company providing for exchange of shares: stockholders of the company providing for exchange of shares: stockholders of the company providing for exchange of shares: stockholders of the company providing for exchange of shares: stockholders of the company providing for exchange of shares: stockholders of the company providing for exchange of shares: stockholders of the company providing for exchange of shares: stockholders of the company providing for exchange of shares: stockholders of the company providing for exchange of shares: stockholders of the company provided of the company providing for exchange of shares: stockholders of the company provided of the company provide

Carrier-Lixklett, S. A. (40%). Buenos Aires, research facilities at Syracuse and new plant is an associated company.

BUSINESS

Manufactures, sells: installs air conditioning, refrigerating and heating equipment for stores, theatres, hotels, office buildings, hostitals, railroad cars: truck trailers, airplanes, homes, factories, ships, industrial buildings, refrigerated warehouses and food freezing

plants, etc.
Company also makes air conditioning units for homes called the Weathermaker for cooling and dehumidifying in summer and heating in winter.

PROPERTY

Main property of company consists of 4 large manufacturing buildings and related facilities located in Town of Dewitt, adjacent to Syracuse. N. Y., with aggregate floor space of about 1,200,000 sq. ft. Company owns almost 500 acres of land in this area, Addition of 180,000 sq. ft. is under construction.

357 acres of land in this area. Addition of 180.003 sq. ft. is under construction.

Company also leases Geddes St. property, which it formerly owned, in Syracuse. This property consists of 2 manufacturing buildings and an office building with aggregate floor space of about \$20,000 sq. ft.

Also owns plant at Indianapolis. Ind. containing about 269,000 sq. ft. of floor space and one at Monrovia, Cal. with about 357,000 sq. ft. of floor space. Leases plants at Tyler Tex. (155,000 sq. ft.) and New Lexington, O. (10,000 sq. ft.)

Also owns combination office building andwarehouse in Houston, Tex. containing about 23,000 sq. ft. of floor space which houses Carrier-Houston Corp., a wholly-owned subsidiary. Cambridge Corp., a subsidiary, operates plant in Lowell, Mass. with about 60,000 sq. ft. of floor space.

Two Canadian subsidiaries own and operate viants in 1956 for leased properties totaled S1,100,000.

Cap.tal Expenditures: During 5 years to Oct. 21, 1956, company spent S31,000,000 for new facilities and replacements including expenditures by former Affiliated Gas Equipment. Inc. merged Mar. 1, 1955. During next 2 or 3 years, company expects to spend 527,000,000 for expansion and improvements above normal capital expenditures of which \$21,000,000 flas been assigned to specific projects including new plants, administration building and DATED INCOME ACCOUNT, YEARS ENDED

MANAGEMENT

sear Los Angeles.

ANAGEMENT

Officers:

Cloud Wampler, Chairman and Chief Exec. Officer.

William Bynum. President
L. C. Harvey, Senior Vice-Pres.
F. F. Hoyt. Vice-President
M. C. Holm. Vice-President
M. C. Hutton. Comptroller
George Auld. Vice-President
J. M. Bickel, Vice-President
J. M. Bickel, Vice-President
J. M. Clary, Vice-President
H. L. Clary, Vice-President
H. M. Dirks, Vice-President
C. V. Fenn, Vice-President
Loren Fletcher, Vice-President
U. A. Grant. Vice-President
U. A. Grant. Vice-President
U. A. Grant. Vice-President
J. H. Holton Vice-President
Ceorge Lilvsren. Vice-President
Herman Seid. Secretary

Directers:
F. H. Beam. Cleveland
E. V. Bell. New York
William Bynum. Syracuse
L. C. Harvey, Syracuse
C. G. Parker, Neenah, Wis.
B. F. Pope. New York
W. H. G. Murray, Syracuse
H. E. Stnith, New York
Gardner Symonds. Houston
Cloud Wampler, Syracuse
Auditors: Arthur Andersen & Co.
Annual Meeting: Last Tuesday in Feb.

Auditors: Arthur Andersen & Co.
Annual Meeting: Last Tuesday in Feb.
No. of Stockholders: Oct. 31, 1956: Preferred,
810: common. 14.463.
No. of Employees: Jan. 1, 1957, 10.400.
Odine: 300 South Geddes St.. Syracuse 1,

ı	GEM TOL	톲.		
1	Orders	Booked, years	ended Oct.	31 (in \$):
į	1956	214.420.485	1951	83.095.567
ì	Orders 1956	198.771.183	1950	67,290,088
1	1954	145.147.966	1949	44.479,196
1	1953		1948:	52,676,015
1	1952	103,971,261		

INCOME ACCOUNTS	CONSOLIDATED	INCOME ACCO	UNT. YEARS	ENDED QCT.	31		
_	1956	195 5	1954	1953	1952	1951	1950
Completed contracts & sales	\$193,194,487	\$190,015.233	\$151.399.008	\$164.437,530	\$107.700.702	\$80,935,762	\$6Z,390,539
COST of sales etc	1 172 RBG 049	164.115,393	133,895,197	{129.078,975	82.064.420	60.004,306	46,979,300
Selling. etc., expense				16.771.144	12.923.833	10.329.594	8.474.135
		25,899,840	17.503.811	18,587,411	12.712.449	10,801,862	8.937.104
Other income	1.569.351	1.298 233	1,383.866	833,332	520.682	518.953	364,362
Total income	21.367.769	27,198,073	18.887.677	19,420,743	13,233,131	11,120,813	7,301,486
	1 646 666	1.510.853	1.024.664	874,609	918,619	407.075	407.652
''AD' respress demant etc			********	********	********	183.392	251,364
Eincome & excess profits taxes, etc	10,850,000	17.2C0.000	11.000.000	12.439.000	7,792.000	6.956.000	3,478,000
Not Income	0 200 277	8,487,220	6.863.013	6,107,134	4,522,512	3,574,348	3.164.450
F. ZAIOUS MALMAU BIILDING	35 700 085	23.078.050	21.124.039	17.363,587	14,271,208	12,530,759	9.753,339
PYUDIGIATY E EUPDINE		6.647.515	19,932				******
						*******	GT 421.778
		306,675	40	224.689	204.723	210,752	218.226
Other preferred dividends		3 24.854	*******	******			******
Common dividends	4,061,917	3,805,791	2,928.894	2,121,993	1.225,410	743,068	\$30,582
non stock dividend			****			88 0,079	******
Mother common dividends		375,379			+=====	*****	
· *_			*** *** AEA	801 124 000	\$17.363.587	\$14,271,208	12,530,759
Earned surplus. Oct. 31	_ \$40,537.995	\$35,700,085	\$25.078.050	\$21,124,039			
After depreciation: 1956, \$3.832.	396: 1955. (stated:	1953. \$3,075,000:	1952. £1.293.0 0	1951. •	i: Earned surpi	lus of Carrier	Engineering

1954: Earned surplus of Carrier Engineering 1954: 52.517.042; 1953. \$2.142.468; 1952. \$1.203.000; 1952. \$1.203.000; 1951. 1954: Earned surplus of Carrier Engineering 1953: 1954: \$2.517.042; 1953. \$2.142.468; 1952. \$1.334.000; 1950. \$402.0

	944						
Record of Earnings, years ended D Contracts Cost and	Operating	Oth. Inc. &	Inc. Bef.	Income []	Net Comm	non Com. Si	s. Earn. Pe
Year and Sales Expenses	Profit "	Ded. (Net)	Taxes	Taxes ir	come Divid	ends Outstan	d. Com. Sh
1936 \$10.463.711 \$9.963.281 1937 17.412.355 16.756.191	\$500,422 \$56,156	\$59.109 d 353.422	\$589,531 302,734		07.474 50.795	Nii 390.81 390.80	
1938 10,598,374 11,735,031	4 1,136,657	3.637	£ 1,133.020	61.1	33.020	390.80	8 42.90
1939 11.654.711 11.707.379 1940 13.047.364 12.269.309		71.457 d 14.756	18.789 763.296		18.789 26.628		
W1941 14.883.641 13.623.220	8 1.260.415	₫ 87.471	1,172,944	65 7.000 5	26.828 15.944		8 1.34 6 1.31
20,928,998 18,490,600 21,943 27,829,041 24,913,71	2,438,390 2,915,324	4 70,632 35,640	2,367,758 2,950,964		18.083	405.67	6 1.52
12]1944 38,255,974 34,085,530	4,170,438	d 67.866	4,102.572	2.939.600 1.1	01.309 62.972		1.73
[3] 1945 29.144.391 28.669.87		d 577.213	d 102.699 (cr 485.000 3	82.301	430.69	Ĭ 0.53
23.476.247 24.894.491 (2)1947 52.910.590 48.062.94	d 1.418.244 4.847.646	d 170,317 d 633.872	d 1.588.561 er 4,213,774	1.898.000 3 1.941,000 2.2	(19.439 72.774		8 6.2 0
[2:1948 54.45b,394 49.686.391	4.769.995	d 288.583	4.481,412	1,771.000 2.7	10.412 147	.641 5 90.57.	B 4.19
11949 46,209,169 43,238.69	3 2,970,473 to Oct 31 (FIX	d 167,506 Jet income #i	2.802.867	968.000 1.8	34.967 590	.578 590,57	2 ~~
IITen months to Oct. 31. TYear 1942, \$1,234,889; 1943, \$1,284,507; 1944, \$	1,132,572; 1945,	\$651,707; 1946	. \$219.368; 194	7, \$2,289,874; 19	18. \$2.719,844; 1	949. \$2.088,773.	341' \$373'222'
BALANCE SHEETS		ATED BALA	NCE SHEET.	AS OF OCT SI			
ASSETS:	1956	1955	1984	1953	1852	1951	1950
U. S. Govt. and other securitiess	515,770,755	\$21,495.989 1,614.000	\$14.461.509 4.495.000	\$13.144.832	\$9.089.492 8.121.953	\$5,674,314	\$3,133.654
Tax claim						301.832	1.023,270
Receivables, net	39.033.812	28.781,399 4.542,777	18,741.017 236.648	21.143.815 1.223.396	17.081.317	15.318.629	7.613.455
Reimbursable costs on govt. contracts Uncompleted contracts	2.567.048	2.215.423	5,919.308	6.995.761	4.785,192 7,220,80 6	1.622,384 4,427,823	1,376,996
DFinished stock., etc.	54,894,288	35.705,212	24,402,003	24.881,090	15.141,198	17,449.996	13,638,944
Total current assets	\$112,265,903	\$94,357,800	\$68,255,485	\$67,388,894	\$61.439.958	\$44.493.146	\$26,791,349
Property & equipment	50,854,407	41,645.022	28.578.663	26.844,932	23.330.032	20.218.935	17.322.369 4.417.552
Depreciation	17.102.151 33,752,256	14.275.844 27,369,178	8.446.17 3 20.132,490	7.141.195 19,703,7 3 7	6.035.851 17 .294. 181	5.370.747	4.417.552
Net property, etc.	33,132,230	1	1	1	1	14.848,188	12.905,017
Investment, net	3,285,938	1.478.217	1.106.040	1,208,120	497.710	420,838	180.06Î
Plant purchase fundPreferred sinking fund	9,500,000	12,500.000	10,000,000	10.000,000	1,250.000 231,121	485,000 150,000	1.640.000 150,000
Prepayments, etc.	2,729,426	2,094,715	1.754.509	1,747,215	1,924,499	1.844,147	1,535,139
Total	\$161,533,524	\$137,799,911	\$101,248,525	\$100,045,967	\$82,637,470	\$62,241,320	843,201,567
TotalLIABILITIES:	4101,000,004	4207,100,022	4. 00,000	• •		447,241,000	4401007,001
Notes payableCurrent installment on debt	\$250.000	\$250.000		\$7,000,000	\$12,000,000	\$3,0 00.000	#040 AAA
Accounts payable	23.603.564	16.697.225	\$7.711.017 732.231	15.445.842	9,440.362	996:000 8,866.403	\$842,000 4,370,496
Accounts payable	1.133,066	16.697.225 1.105.922	732,231 2,632,371	726,350	316,023	216.514	147.648
Accruals Alincome taxes Uncompleted contracts	11,310,000	T		8,689.972 341.000	2,257,371	1,993,702 2,780,006	1,347,143
Uncompleted contracts	9,196,624	8,323,453	9,792.025	10.516,097	6,487,617	3,585,792	2,0C1,923
Total current limbilities	\$45.493,254	\$26.376.600 30,951.000	\$20.867.644 25.000.000	\$35,719,261 12,500,000	\$30.501.173 12,500.000	\$21.238.411	\$8,668,305
Notes payable	30,701,000	30,331.000	20,000,000	393.122	445.693	8,362.000 449.323	8.358.000 472,122
4% preferred stock (\$50)	******			1,877,800	5,087,700	5,170,700	5,358,100
Reserve for moving expenses A% preferred stock (\$50) 8.8% preferred (\$50) 412% preferred stock (\$50)	10,434,430	10.434.450			3,518,150		
Common stock (\$10)	16,927.980	16.922.090 17.415.686	14.645.260	14.046.434	8.830.514	8.662.294	8.905.828
Common stock (\$10)	17,438.845 40,537,995	17.415.686 35,760.085	15.657.571 25.078.050	14.385.311 21.124.039	4.390.653 17 .363.5 67	4.037.384 14.271,209	1.968.450 12,530.759
Earned surplus	40,331,383	33,100,033		21.151.000	11,003.001	24.212.203	
Total	\$161.533.524	\$137,799,911	\$101,248.525	£100,045,967	\$82,637,470	\$62,241,320	\$43,201,567
Net current assets	\$66,772,649	\$67,981.200	\$47,387,841	\$31,669,633	\$30.938.785	\$23.254.735	\$18,127.041
At lower of cost or market. Principal "Capital Surplus" change	par valu	es on conversi	on of 64.198 4%	and Tu- Ge	neral Notes (a) As of Oct. 31,	1936, about
[i]Principal "Capital Surplus" change follows:	and \$5.7	preserved snar 05.796 excess of	es into commo	m sale of stric	12,000 OI EEFNE	a surpius was on dividend ba	iree oi re- vments.
		ommon shares	Over par valu	e thereof (b)	1955 also incli	udes Affiliated	Gas Equip-
1955: After crediting capital surplus of filiated Gas Equipment, Inc. as of Oc 1954, \$9,216,844 excess of net proceeds	t. 31, (1086 534	9.882 applicable difference in	expenses) and par value of	a deduct- ment	, inc. (merged	in Mar., 1955) ts includes tv	: 1954 con-
		hares redeeme	d.	lowne	ed subsidiaries	i, one domesti	c and one
\$41.059; after debiting excess of par valuablers of Carrier Corp. over par valuablers of Affiliated Gas Equipment, Inc.	ue of 1951:	After crediting	\$34,597 exces	s of par Cana		prior years exc	lude Cana-
shares of Carrier Corp. over par valu	e of value ov	er cost of 3.70 d difference t	N preserred as	on con- Co	subsidiary. mbined Consoli	idated Sales and	d Earnings:
changed therefor, plus related merser	ex. version	OT JO DIETETIAL	A STREET STREET	common	rier Corp. and	Affiliated Gas	Equipment.
changed therefor, plus related merger penses, \$7,413,880; excess of par value of	33.463 shares.	289,422 excess	of amount ch	arged to Lnc.)		vet IIBal. i	or IEarn.
4½% preferred over par value of 31.8 preferred exchanged therefor, plus relate		urplus over par res issued as st	ock dividends	TESY : 19 Keep	S	ales Com	. Com. Sh
penses, \$82,963; premium on 1,220 \$3 prefe	rred 654.915 e	xcess of proce	eds over par	walue of 1954_	\$200.	915.391 \$2.134. 762.078 7.765.	
shares redeemed, \$2,745.	(aldaabla	ommon shares expenses).	sold (after \$20	1952	162.	671.085 5.674 .9	000 5.12
1954: After crediting \$1,272.518 different		deducting U.	S. Governmen		omputed by s	oplying conve	raion rates
par values on conversion of 37,427 4% ferred shares into common shares and	de- ties: 193	6. none: 1955.	\$17,350,000; 19	954, S10 E		erger agreeme	
ducting \$258 difference in par value of preferred shares redeemed.		1953, \$11.000,000 1950, \$3,537,000		outst	anding at the	close of each	fiscal year
1953: After crediting \$4,289,542 different		ided in accour		and o	combining such s of Carrier C	figures with o	utstanding
STATISTICAL RECORD, FISCAL YE			, , , , , , , , , , , , , , , , , ,		- 0, Opinio	O1 D.	
_	1956	1955	1954	1953	1952	1951	1950
Earned per share—preferred	\$44.90	\$40.67					
Divs. per share—41% preferred	\$5.26 \$2.25	\$4.82 \$1.6834	\$4.69	@\$4.19	54.89	\$3.88	\$4.99
OPrice range—412% preferred	\$2.40	\$1.6834 \$2.35	\$2.00	\$1.85	\$1.40	\$1.00	\$1.00
Urrice range—4%% preferred	53\5-43 6234-49\5	5312-4916 6434-4816	6314-4694	4836-3436	3654-2154		2134-1512
Net tangible assets per sh.—pfd	\$408.93	\$385.61			*******	2514-1814	
com	\$44.25	\$41.39	\$37.81	\$35.28	\$34.64	\$31.19	\$34.45
Times charges earned: Before income taxes	13.27	18.00	18.43	22.20	14.41	26.87	17.29
After income tower	6.65	6.62	7.70	7.98	3.92	9.78	8.76
AIDDES CORTERS AF OTESTERM MINE ASPR	5.20	5.43				*******	
Lunes preserred divs. earned	19.93 \$3.780	25.60 \$3,600	\$3.215	83.115	\$4.135	24.856	\$4.075 \$2.168
Net tang, assets per \$1,000 fund, debt Net curr, assets per \$1,000 fund, debt	\$2,175	\$2,196	\$1,896	\$2,502	82.475	\$4.850 \$2.781	\$2,168
Number of shares—4% preferred —4.8% preferred —412% preferred			U	37,556	101.754 70,3 6 3	103.414	107,162
-412% preferred	208,689	208.689			~~~~	*******	
WCalendar years.	1,692,798	1,692,209	1,464,528	1,404,643	833,051	866,229	890,583
ERetired Aug. 20, 1953.					•	•	
Albased on number of charge outstand							

TRetired Aug. 20, 1953.

(Based on number of shares outstanding at Oct. 31, 1953 exclusive of 278,422 shares issued in final month of fiscal year, earned per share would be equal to \$2.2.

(Bretired Dec. 10, 1953.

LONG TERM DEBT

Term Learns: (1) Outstanding, Feb. 8, 1957, 52,5000,000 374% notes payable annually on June 1 as follows: 1960-64, \$1,000,000; 1965-74. St.250,000, 1975-88, \$1,5500,000; 1965-74. St.250,000; 1975-88, \$1,5500,000; 1965-74. St.250,000; 1975-88, \$1,5500,000; 1975-88, \$1,5500,000; 1975-89, \$1,5500,00

used to retire equal amount of notes of Affiliated Gas Equipment, Inc., which was merged Mar. 1, 1955. Legal for savings banks in Maine. Company may not pay cash dividends on common or acquire capital stock (other than for preferred sinking or retirement fund) in excess of consolidated net income after Oct. 31, 1954 plus 57,500,000; also agrees to maintain consolidated net current assets of at least 343,000,000.

least \$43,000,000.

2 Carrier Cerp. subgrainated convertible debenture 4½s, due 1852:
Rating—Sae
AUTHORIZED—\$13,000,000: outstanding, Feb. 6, 1957, \$18,000,000.

DATED—Feb. 1, 1957.
MATURITY—Feb. 1, 1982.
INTEREST—F&A 1 at office of trustee.
TRUSTEE AND REGISTRAR—Marine Midland Trust Co., New York.
DENOMINATION—Coupon, \$1,000, \$10,000 and authorized multiples of \$10,000: registerable as to principal; fully registered, \$1,000 and authorized multiples. C&R and denominations, interchangeable.

authorized multiples. Cart and denominations, interchangeable.

CALLASLE—As a whole or in part on at least 30 days notice at any time to each

least 20 days Feb. 1, incl.: 1958... 105.500 1961... 104.675 1864... 103.830 1967... 103.025 1970... 102.200 1973... 101.375 1976... 100.550 1959... 105.225 1960... 104.950 1962... 104.400 1983... 104.125 1965... 103.575 1966... 103.300 1968... 102.750 1909... 102.475 1971... 101.100 1975... 100.825 1977... 100.275 and thereafter,

Also callable on like notice for sinking fund (which see) on any Feb. 1, beginning 1962, at

100.

SINKING FUND—Cash (or debentures) before each Feb. 1, beginning 1962, equal to \$540,000 plus similar optional payments, for redemption of debentures on next succeeding Feb. 1 at 100.

CONVERTIBLE-Into common at any time to Feb. 1, 1967, incl. unless redeemind, at rate of 18 common shares for each \$1,000 of debentures, with no adjustment for interest or dividends and cash in lieu of fractional shares. Conversion privilege protected against dilution

tion.

SECURITY—Not secured; subordinated to senior indebtedness, including 3%% notes due 1979 and 1975. Debentures will be secured, subject to senior indebtedness, equally and ratably with any secured indebtedness which may be issued, exclusive of purchase money mortgages, etc., pledges of current assets in ordinary course of business to secure current liabilities and liens created in connection with contracts with the United States or any State.

If, on any consolidation or sale of substantially all properties, any property would become subject to any lien, debentures will be secured equally and ratably therewith by a direct prior lien thereon except for any existing lien thereon, subject to priority of senior indebtedness.

senior indebtedness.

CREATION OF ADDITIONAL DEBT—Company or any consolidated subsidiary may not issue, guarantee or assume any indebtedness due later than 12 months unless thereafter consolidated net tangible assets are at least 200% of consolidated funded debt.

DIVIDEND RESTRICTIONS—Company may not pay cash dividends on common or acquired capital stock in excess of consolidated net earnings after Oct. 31, 1955 plus \$8,000,000 and net proceeds of sale thereafter of stock or of any indebtedness (including debentures) converted into stock; however, company may pay dividends on preferred or acquire stock for preferred sinking fund or purchase fund not exceeding in any year 9% of par value there.

of or, if preferred has no par value, involuntary injudation value thereof, kiGHTS UN DEFAULT—in event of default (30 days grace period for payment of interest or sinking luna installment), trustee or 25% of debenture holders may declare principal due and payable.

INDENTURE MODIFICATION — Indenture may be modified, except as provided, with consent of 66 2/3% of debentures.

PURPOSE—Proceeds for expansion and additional working capital.

LEGAL—For savings banks in Me. and N. H. Ustered (1970) on Feb. 6, 1957, by Harriman Ripley & Co. Inc., and Hemphill, Noyes & Co., New York, and associates.

CAPITAL STOCK

1. Carrier Corp. 41/2% cumulative preferred; par 550;

par 550: AUTHORIZED—All series, 1.000.000; 435% series, 530,000 shares; outstanding, Feb. 6, 1957, 435% series, 208.659 shares; par 350. PREFERENCES—Has preference for assets

and dividends.
DIVIDEND RICHTS—Entitled to cumulative dividends of \$2.25 per share annually, payable quarterly on last day of Feo., etc.
DIVIDEND RECORD—Initial dividend of \$61s, cents paid May 31, 1955; regular payments since.

ments since.

DIVIDEND RESTRICTIONS—Company may not pay cash dividends on or acquire funior stock in excess of consolidated net income after Oct. 31, 1854 plus 88,000,000 and net proceeds of junior stock sold or if thereafter, on a consolidated basis, net tangible assets would be less than 175% of fixed liabilities and preferred stock.

ferred stock.

Company may not pay cash dividends on junio: stock if dividends, sinking fund or purchase fund are in default.

VOTING RIGHTS—Entitled to one vote per share, on detault of 5 quarterly dividends, entitled, voting separately as a class, to elect 2 additional directors.

Consent of 66 2/3% of all series of preferred required; to create prior stock or increase authorized shares of such other stock or to amend terms; consent of 66 2/3% of any series required to change adversely terms of series. Consent of majority of preferred, as a class, required to increase authorized amount; create parity stock; merge or dissoive voluntarily.

LiQUIDATION RIGHTS—In liquidation, en-

tarily.

LiQUIDATION RIGHTS—In liquidation, entitled to \$50 per share if involuntary and redemption price if voluntary; plus dividends.

CALLABLE—As a whole or in part on 30 days notice at any time to Feb. 28 incl. as 10110ws (per share plus dividends): 1957, \$53; 1953, \$52.50; 1961, \$52; 1963, \$51.50; 1965, \$51; 1967, \$50.50; thereafter, \$50. Also callable for sinking fund at \$50 per share.

PITRCHASE FIIND—Annually (non-cumula-

sinking rund at 300 per snare.

PURCHASE FUND—Annually (non-cumulative), Feb. 28, 1961-65, an amount sufficient to purchase at \$50 per share 3% of maximum shares of 4½% series preferred issued before Feb. 28, 1961, less shares retired. Unexpended funds to revert to company's general funds.

PREEMPTIVE RIGHTS—None.
PURPOSE—Issued in Mar. 1955 under merger terms in exchange for Affiliated Gas Equipment Inc. and in Dec. 1955 in exchange for \$3 preferred on basis of 1.05 shares for each \$3 share.
LISTED—On New York and Midwest Stock Exchanges

Exchanges.
TRANSFER AGENTS—Marine Midland Trust
Co., New York; First National Bank, Chicago,
REGISTRARS—City Bank Farmers Trust Co.,
New York; Harris Trust & Savings Bank,

REGISTRARS—City Bank Farmers Trust Co., New York; Harria Trust & Savings Bank, Chicago.

Davidend Disbursing Agent—Marine Midland Trust Co., New ork.

2. Carrier Corp., common; par \$10:

AUTHORIZED—5.000.000 shares; outstanding, Feb. 6, 1957, 1.692.798 shares; reserved for contions. 168.691 shares (see below): reserved for contions. 168.691 shares (see below): reserved for contions of debentures, 288.000 shares; par \$10 (changed from no par to \$1 par Sept. 12, 1938, share for shares; changed from \$1 par to \$10 par Aug. 15, 1944, share for shares; VOTING RIGHTS—Has one vote per share. VOTING RIGHTS—Has one vote per share. 1930—47 nil 1948... \$0.25 1949—50 \$1.00 Ill 1951... \$1.00 1952... 1.40 1953... 1.85 1954... 2.00 1955... 2.40 Ill 1953... 1.85 1956... 2.40 Ill 1953... 1850... 2.40 Ill 1953... 1850...

i:Also 10% in stock.
[i]To Mar. 2.
Dividends payable quarterly, Mar. 1, etc., to stock of record about Feb. 15, etc.

stock of record about Feb. 13, etc.
DIVIDEND RESTRICTIONS—See long term debt and 41%, preferred above. As of Oct. 31, 1986 about \$14.812,000 of earned surplus was not so restricted.
PREEMPTIVE RIGHTS — Has preemptive rights except for (1) preferred not convertible into common: (2) common stock reserved under options (up to 10% of maximum shares outstanding or 250.000 shares, whichever is iess); (3) indebtedness convertible into common: (4) options granted by directors. TRANSFER AGENTS—Guaranty Trust Co., Now York and First National Bank, Chicago. REGISTRARS—Chase Manhattan Bank, New York and Harris Trust & Savings Bank, Chicago.

Chicago.
DIVIDEND DISBURSING AGENT—Guaranty
Trust Co.. New York.
LISTED—On New York and Midwest Stock
Exchanges. Unlisted trading on Boston, San
Francisco and Philadelphia-Baltimore Stock
Exchanges.

Subscription Rights: Common stockholders of record Jan. 7, 1946 had right to subscribe to 118,257 shares of \$50 par 4% conv. preferred stock at \$50 per share. on basis of 22 shares of preferred for each 100 common shares held. Rights expired Jan. 22, 1946.

Common stockholders subscribed to 112.887 shares. Balance of 7,113 shares sold by underwriters.

Common stockholders of record June 12, 1951 had right to subscribe to 215,504 \$10 par common shares at \$19.50 per share on basis of one share for each 3 shares held. Rights expired June 26, 1951.

Common stockholders of record Sept. 3, 1952 had right to subscribe to 78,734 shares of \$50 par 4.8% conv. preferred stock at \$53 per share on basis of one share for each 11 common snares held. Rights expired Sept. 17,

Common stockholders of record Sept. 22, 1953 had right to subscribe to 278,422 \$10 per common shares at \$31.75 per share on basis of one share for each 6 shares held. Rights expired Oct. 7, 1953.

Stock Option: Outstanding, Jan. 1, 1957, options held by officers and key employees on 117,161 common shares at prices from \$49.20 to \$54.90 per share. Options expire 1963 to 1966.

CAPITAL STRUCTURE INTERNATIONAL BUSINESS MACHINES CORPORATION

LONG TERM DEBT		- Amount	Charges Earned	Interest	Call	Price Range
Issue	Rating	Outstanding	1956 1955	Dates	Price	1956 1932-56
1. Debenture 2%s, due Feb. 1, 1965	2)	\$29.000,000		F&A 1		10
2. 3% % notes, due July 1, 1974	҈	30.000,000)] & J i		2
3. 3% promissory note, due July 1, 68	⋥	35,000.0001	15.00 15.03	17 % 1 i		2
4. 312% notes, due Dec. 1, 1971	₩	50.000,000 115.000,000		D&J 1		₽ - ₽
6. 391% conv. notes, due 5-1-2055	(2) (2)	80,000,000		10001	•••	*
CAPITAL STOCK	Par	Amount	Earned per Sh.	Divs. per Sh.	Call	Price Range
Issue	Value	Outstanding	1936 1955	1956 1955	Price	1956 1932-56
1. Common	No par	111.552,460 shs.	\$13.10 \$13.63	₹\$4.00 \$4.00		T:550-400 T:550-400
TAs of June 11 1957, giving effect to						

split in 1954 and to the 5-for-4 split in 1956, 541-271; range from 7-for-4 split in 1946 and to the 5-for-4 split in 1956, 541-271; range from 7-for-4 split in 1946 and to the 7-for-4 split in 1948, 250,-102\frac{1}{2}; range from 1932 to the 5-for-4 split in 1946, 250-52\frac{1}{2}. TAlso 2\frac{1}{2}\ightarrow includes \$1\$ and 2\frac{1}{2}\ightarrow in stock paid prior to 5-for-4 split. TAfter stock split; before, 341-573.

HISTORY

ord spill. LAtter stock spill, betsit, states, order trishts to the Filene-Finlay translator, a system of multiple simultaneous translation. In Aug., 1932, acquired counting and weighing machine division of National Scale Corp. of Chicopee Falls. Mass.

Incorporated in New York June 15, 1911 as Computing-Tabulating-Recording Co., a consolidation of Computing Scale Co. of America (name later changed to Dayton Scale Co.). Tabulating Machine Co., International Time Recording Co. of New York and Bundy Manufacturing Co. of New York Dayton Scale Co. of Chicapo. In Mar., 1922 absorbed Pierce Accounting Machine Co. of Peb. 14, 1924 merged International Business Machines Co. of Delaware. International Business Machines Corp. and International Business Machines Corp. Inte

In July, 1933 acquired, chiefly for the sake of patents and outout rights, entire common stock of Electromatic Typewriters. Inc. (N. Y.). Also acquired in 1933 "Radiotype", a device, for transmission of graphic information, using the electromatic typewriter as a basic machine (sold in 1945). In late 1933 acquired from instograph Co., Ltd., of Oakdale, Cai, three liew products, a time stamp, a cost recorder and a dating stamp.

In June, 1834 sold to The Hobart Manufacturing Co., the domestic business of the Dayton Scale division. Stock interes in Hobart n Hobart sold in 1950.

MOODY'S MANUAL OF INVESTMENTS

AMERICAN AND FOREIGN

JET 3869.41

INDUSTRIAL SECURITIES

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dividend of \$1 paid on no par shares 1943; Oct. 2, 1944, 50 cents.

Agent: Bank of California N. A.,

FOREMAN & CLARK, INC.

Bright AN & CLARK, INC.

First Annual Control of the Control of th

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THE STATE OF STATE OF

Angeles: C. S. Thomas, Pres.: L. G. Freeman, M. Brackers: C. S. Thomas, Pres.: L. G. Freeman, M. Brackers: C. S. Thomas, L. G. Freeman, M. Brackers: The and Hill Sis. Los Angeles 14.

Balance Sheet: For latest published, see Body: 1939 Industrial Manual.

Balance Sheet: For latest published, see Body: 1939 Industrial Manual.

Balance Sheet: For latest published, see Body: 1939 Industrial Manual.

Balance Sheet: For latest published, see Body: 1939 Industrial Manual.

Balance Sheet: For latest published, see Body: 1938 Industrial Manual.

Balance Sheet: For latest published, see Body: 1938 Industrial Manual.

Balance Sheet: For latest published, see Body: 1948.

Balance Sheet: Savings Bank of Chicago.

BATURITY—Jan 1, 1948.

Balance State Park Developmental States and States

Authorized. 30.000 shares; issued, 25.1 res; in treasury, 5.454.12 shares; no par. Dividends, if any, not reported. Transfer and Registrar Agent: Company.

Transfer and Registrar Agent: Company.

ERIEN WATCH CO.

Sintery: Incorporated under laws of Ohio
tout Mar. 1. 1922. to succeed The D. Gruen
was Co., which was incorporated under the
way of Ohio Jan. 3. 1908.

Business originally established as a partnerdo in 1974 and was incorporated under laws
of west Virginia in 1900.

Satisficiaries: The Gruen National Watch
Co., of Cincinnati. Gruen Watch Co. of
Conda. Ltd. and the Gruen Watch Manufactous Co., S. A. of Switzerland, are whollyment subsidiaries.

Business: Company and subsidiaries enment in the manufacture and sale of a com-

Basines: Company and subsidiaries enmaines: Company and subsidiaries enmaines: Company and subsidiaries enmainen in the manufacture and sale of a commanuer. Consisting of about 250 different
and under trade-marks "Gruen."
All movements used in Gruen watches are
consisted at the precision plant of subsidiary.
The watch Mfg. Co. S. A., Biel, Switzerland or under its supervision. Movements
the of under its supervision. Movements
the of under its supervision in the cased at
the company and canadian subsidiary sell their
matter directly, through traveling renremanuers of the company is partially engaged in
an approximation of precision instruments.

Property: Principal offices and plant of company cover about 30,000 sq. ft. of floor space, set in a landscaped plot of about 215 acres located on Time Hill, Cincinnati, O. In the same building, in space rented from the company, are the offices and plant of Gruen National Watch Case Co.

The company also maintains branch offices in leased space in New York, Chicago and Los Angeles.

The offices and plant owned by Gruen Watch Mig. Co. S. A. cover about 34,000 sq. ft. of floor space, located on Time Hill, Biei, Switzerland.

The office and plant of Gruen Watch Co.

The office and plant of Gruen Watch Co. of Canada, Ltd. are in leased space in Toronto, Ont.

Ont.
Officers: Geo. J. Gruen, Chairman; B. S. Katz, Pres. and Treas.; S. C. Gershey, E. A. Tupper, Vice-Pres.; G. T. Gruen, Sec.; A. T. Reis, Compt.; T. F. Jeary, Auditor.
Directers: F. G. Gruen, G. J. Gruen, B. S. Katz, E. W. Edwards, J. R. Bullock, C. R. Wright, S. B. Cramer, Cincinnait, O. Annual Meeting: Third Wednesday in June, Ne. of Stockholders (common): Dec. 15, 1944, 2.269.

No. of Employees (Cincinnati plant): Dec. 1, 1944, 375.

Office: Time Rill, Cincinnati, O. Consolidated Income Account, years ended

1944 \$4.653.380 2.005.157 2.648.723 124.870 2.773.593 243.349 421 180 Mar. 31:

Cross profit
Selling, etc., exp.
Operating profit
Other income
Total income
Interest, etc.
Income taxes
Excess prof. tax.
Debt retire, cred.
Post-war tax cred.
Thet income
Preferred divs. Mar. 31: 1943 83,779,292 1,649,084 1,649,084 2,130,208 2,104,399 2,234,607 158,240 433,739 816,110 cr 76,932 cr 4,679 908,079 22,548 372,846 372,846 2,910,766 (I)209,300 cr 8,813 421.180 1.298.175 cr 129.817 940.706 22.548 249.771 668.387 3,222,925

The depreciation: 1944, \$55.403; 1943, \$44.-080

Notes: (a) Above report includes net income of foreign subsidiaries: 1944. \$213.341; 1943. \$244.44. No dividends were received from foreign subsidiaries during the year.

(b) Renegotiation was completed for year ended Mar. 31. 1943 and no refund was required. Company is subject to renegotiation for year ended Mar. 31. 1944 but believes no refund will be required.

Sales and Earnings:

Fiscal Gross Net Earn.

F14CB1	Gross	7462	æal II.
Year	Profit	Income	on Com.
	\$3.701.268	\$899.415	\$2.04
1941	3.065.807	903,402	2.05
1940	2.436.693	745.268	1.76
			1.41
1939	1,875.439	540.670	
1938	2.310.490	726,142	3.12
Consolidated	i Esiance	Sheet, as of	M&L' 27:
Assets:		1944	1943
Cash		\$3 .860.191	\$1,750,917
U. S. sav. bds.		250.000	250.000
U S tax note			500.000
IT. S. Trens. C		50,000	
Proceivables, T		956,906	736.450
Tinventories		2.684.738	3.024.943
(UASUITOTIES		£1004.7.10	
Total curr		\$7,801,835	\$6,262,310
		940.238	892.818
Land. bldgs			
Depreciation .		488.255	448.079
Net propert		451,982	444,738
Goodwill, etc.			1
Other Investr	nent	15.477	15.558
Other receivs	ble.	8,300	12.795
Cash val., inst		91,242	69.798
Post-war tax r		134,404	4.679
Deferred char		128.897	94.786
	~~~		
Total		28.632.138	\$6,904,665

Pedit Attri strace	4 6 64 44	99.191
Post-war tax refd.	134.404	4.679
Deferred charges.	128.897	94.786
Total Liabilities:	\$8,632,138	\$6,904.665
Accounts payable	\$599.180	\$303.297 5.537
Divs. payable Income taxes	5.637 [ <u>3</u> ]894.930	1.209.999
Accruals	408.060	327,701
Total current	\$1,907.806	\$1.846.635
Notes payable	2,000,000	1.000.000
5% pfd, stk. (\$25)	450.850	450.850
Com. stock (31)	384.256	384.256
Earned surplus	3.889.226	3.222.925
Total	\$8.632.138	\$6.904.665
Net curr. assets	\$5,894 029	\$4.415.675

MAt lower of cost or market.

(E) After deducting \$94.423 U.S. tax notes.

Notes: (a) Consolidated balance sheet includes assets of Gruen Watch Manufacturing Co. of Switzerland aggregating \$791.590 (1943.

(b) Consolidated States (1943.

(b) Consolidated balance sheet also includes net assets located in Canada aggregating \$226,037 (1948, \$250,021), of which net current assets are \$21,621 (1948, \$238,842), (c) Insurance policies on life of Benjamin S Katz, president, aggregating \$750,000 have been assigned as collateral to notes payable, hank, aggregating \$2,000,000 Accounts certified by Lybrand, Ross Bros & Montsomers.

Capital Stack: L. Gruen Watch Co. common

per il: AUTRORIZED-650.000 shares (increased from 500.000 shares on May 20, 1937); outstanding, 384,256 shares; in treasury, 121.082 shares; par

'\$1.

VOTING RIGHTS—Has one vote per share.

PURPOSE—Issued, under reorganization plan, in 1935, on the basis of 3 shares in exchange for each old preferred share and ½ share in exchange for each old common and founders' share.

DIVIDENDS—

1041 \$6.516 1942 \$6.50 1943 \$6.9716

5% P:eferred Retired: Entire issue of 5% cumulative preferred, par \$25, was retired at \$25 per share, plus dividends, Jan. 1, 1945, at Fifth Third Union Trust Co., Cincinnati.

DRESSER INDUSTRIES, INC.

History: Incorporated under the laws of
Pennsylvania, Dec. 31, 1938, as Dresser Manufacturing Co., as result of a consolidation of
S. R. Dresser Mig. Co. (incorporated in 1905
as successor to a business founded in 1880)
and its wholly-owned subsidiary, Clark Bros.
Co. (N. Y.; Incorporated, 1903). Also Clark
Bros. Co., Inc., a new wholly-owned subsidiary, emerged from the consolidation. Name
changed to Dresser Industries, Inc., Oct. 23,
1944.

Co. (N.Y.; Incorporated, 1903). Also Clark Bros. Co., Inc., a new wholly-owned subsidiary, emerged from the consolidation. Name changed to Dresser Industries, Inc., Oct. 23, 1944.

In July, 1933, predecessor Dresser company acquired The Bryant Heater Co. (Ohio). In Aug., 1940, acquired 50% of outstanding capital stock of Van der Horst Corp. of America (Del.). On Oct. 1, 1940, acquired entire outstanding capital stock of Pacific Pumps Works, Cal. (name changed to Pacific Pumps Works, Cal. (name changed to Pacific Pumps, Inc., Sept. 8, 1944).

On Jan. 1, 1942, acquired all of outstanding capital stock of Bovaird & Seyfang Manufacturing Co. (Pa.).

On Nov. 1, 1944, company acquired, by issuance of 103,000 shares (par Sl.) of Dresser common, net assets of International Derrick & Equipment Co. of Ohio, Calif. and Texas (three separate companies). Roots - Connersville Blower Corp. and Stacey Bros. Gas Construction Co. Subsequently, Dresser transferred to International Derrick & Equipment Co. (Ohio) all assets and properties of International-Stacey Corp., including issued and outstanding capital stocks of International Derrick & Equipment Co. (Ohio) all assets and properties of International-Stacey Corp. was dissolved.

On Feb. 1, 1945, acquired net assets of Payne Furnace & Supply Co., Inc. and Kobe, Inc. through exchange of stocks of respective companies for Dresser common (par 50 cents) on following basis: One shares of Dresser in exchange for stock of two companies as follows: Payne Furnace & Supply: Each 5 preferred shares or 7 common shares; Co Enc. On Pay & Night 7% preferred (c) one Dresser common shares for each 3 shares of Day & Night 7% preferred: (d) 1.1 Dresser common shares for each 3 shares of Day & Night 7% preferred: (d) 1.1 Dresser common shares for each 5.1 shares of Day & Night 7% preferred: (d) 1.1 Dresser common shares for each 5.1 shares of Day & Night 5% preferred: (d) 1.1 Dresser common shares for each 5.1 shares of Cents) of Dresser common. As Kobe, Inc. owned other half interest in Roko, Dre

owns the latter.

owns the latter.

Business: Dresser Industries. Inc. is an affiliation of member companies, joined together by a common ownership, with kindred interests, coordinated products and related markets, operating chiefly in the oil, gas and water industries.

Farent company manufactures, through Dresser Manufacturing Division, a complete line of pipe couplings, fittings and repair clamps and sleeves for construction and maintenance of pipeline systems of gas utilities, oil companies, waterworks and other plants. Also these and other products for mines, quarries, railroads, machinery builders, shipbuilding and industrial use.

Proserties: As of Apr. 3, 1945, principal

Properties: As of Apr. 3, 1945, principal liants of company and its subsidiaries were as

plants of company and its substituties were as follows:

Dresser Plant—Situated on 7 acres of land. owned in fee by company, at Bradford, Pa.; floor space, 190,000 sq. ft.

Bryant Plants—Situated on 14 acres of land at Cleveland, O.: floor space, 106,000 sq. ft.

Clark Plant—Situated on 14 acres of land at Olean. N. Y.: floor space, 233,000 sq. ft.

Pacific Plant—Situated on 6 acre tract of land at Huntington Park. Cal.: floor space.

Bovaird & Seyfang Plant—Situated on 8 acre tract of land at Bradford, Pa.; floor space, 147,000 sq. ft.

International Derrick Plants—Located at Columbus and Marietta, O.; Beaumont, Tex.; and Torrance, Cal.

Roots-Connersville Plant—Situated on 7 acre tract of land at Connersville, Ind.; floor space, 170,000 sq. ft.

Stacey Bros. Plant—Situated on 8½ acres of land (owned in fee by Stacey Bros. Gas Construction Corp., Ohio, a member operating company) at Cincinnati, Ohio.; floor space, 80,000 sq. ft.

Van der Rorst Plants—Three plants at Olean, N. Y. and Cleveland, O.; floor space, 124,800 sq. ft.

Kobe Plant—Situated on 6 acre tract of land.

Van der Horst Plants—Three plants at Olean, N. Y. and Cleveland, O.; floor space, 124,800 sq. ft.

Kobe Plant—Situated on 6 acre tract of land, owned in fee, at Huntington Park, Cal.; floor space, 81,000 sq. ft.

Payne Plants—Principal plant at Beverly Hills, Cal.; contains 165,000 sq. ft. of factory space. Owns additional property in Beverly Hills, Cal., and Santa Ana, Cal. Small branch plants at Long Beach, Pasadens and Santa Ana, all in California.

Day & Night Mig. Plant—Located at Monrovia, Cal.; floor space, 110,000 sq. ft. Additional 15,000 sq. ft. used for storage space.

Day & Night Flare Plants—Plant at Azusa, Cal., situated on 40 acre tract of land and owned by Day & Night Flare Corp., subsidiary of Day & Night Mig. Co.; plant at San Bernardino, Cal. and equipment used therein owned by U. S. Chemical Warfare Service.

Subsidiaries:

Bovaird & Seyfang Manufacturing Co. (Ps.); Founded 1891. Manufactures pumping engines, jacks, "Powers", storage tanks and other miscellaneous gas—and oll-field products and supplies: plus a line of allied accessories and equipment.

The Bryant Hester Co. (Ohie): Founded 1898; incorporated in Ohio, June 20, 1933. Menufactures gas—fired bollers, winter air conditioners, furnaces, unit heaters conversion burners for residential, commercial and industrial heating. Silica Gel De-humidifiers for control of humidity in industrial precision work and for comfort air-conditioning systems.

Clark Eros. Co., Inc. (N. Y.): Founded 1880. Manufactures gas steam and diescladium.

dustrial heating. Silica Gel De-humidiners for control of humidity in industrial precision work and for comfort air-conditioning systems.

Clark Brot. Ce., Inc. (N. Y.): Founded 1880. Manufactures gas. steam and diesel-driven engines and compressors of large size (200 to 4.000 BHP) supplied principally to oil and natural gas industries. Also marine and stationary diesel engines: and slush pumps used in rotary oilwell drilling as well as small oilwell bumpiny engines and slush pumps used in rotary oilwell drilling as well as small oilwell bumpiny engines and similar equipment.

Day & Night Manufacturing Ce. (Cal.): Founded 1909: incorporated in 1923 as Dav & Night Water Heating Co.; present title adopted in 1940. During pre-war period. manufactured water heaters, water coolers, space heaters, custom work, galvanized products and space heaters. At present principally engaged in manufacture of parts for fighter and bomber planes and production of 4.2" mortar shells for war purposes.

On Dec. 31, 1943. Dav & Night Flare Corp. was organized as a wholly-owned subsidiary of Day & Night Mfg. Co., to manufacture flares and photo flash bombs for U. S. Army. Dresser Manufacturing Co., Ltd. (Ontario, Can.): Organized Sept. 24, 1931 to sell parent company's products in Canada.

International Dervick & Equipment Co., (Ohis): Founded 1920. Manufactures oilwell pumping units, derricks and drilling units; also prefabricated steel building.—hangars, garages, etc.: aviation communications and electric power line equipment such as towers, sub-station structures.

Kobe, Inc. (Cal.): Incorporated in Sept., 1923. Manufactures perforated or slotted pipe, prepacked gravel liners, precision gauges, and hydraulic pumps and hydraulic pumping systems.

Pacific Pumps. Inc. (Qui.): Founded 1923.
Manufactures centrifugal pumps (large horizontal types) for refineries and oil lines including hot-oil charging pumps: high pressure boiler-feed pumps for electric-generating plants: general service pumps for petroleum and other industries: deep-well plunger pumps for oil wells: deep-well turbine pumps (water) for municivalities, industrial use, and irrigation projects.

tion projects.
Owns entire outstanding capital stock of Pacific Pumps, Inc.-Mid-Continent Division.

Payne Furnace Ca. (Gal.): Founded 1815; incorporated in California, Mar. 22, 1937. Engaged in manufacture and sale of gas heating equipment for residential, commercial and industrial uses.

Roots-Connersville Blower Corp. (Cal.):
Founded 1854. Manufactures blowers, exhausters, boosters and compressors for movement of air and gases in steel, gas, chemical and other industries; also air and liquid pumps, meters.

Roke Corp. (Nev.): Incorporated in Nevada in 1933. Only assets consist of patents covering hydraulic pumps and auxiliary equipment, and patent applications and rights as licensee.

Awiliste: Van der Horst Corp. of America Capital surplus...
(Del.). 50%-owned agiliste, is engaged in application of borous-chrome cylinder lining directly to cylinder walls, piston rings, gun Net current assets

barrels and crank shafts by "Porous-Krome"

barrels and crank shafts by "Porous-Krome" process.

Officers: H. N. Mellon, Pres.; J. B. O'Connor, Exec. Vice-Pres.; A. R. Weis. L. C. Harvey, C. P. Clark, Vice-Pres.: R. E. Reimer, Sec. and Treas.; A. F. Witthinrich, Asst. Sec. and Asst. Treas.; J. F. Simpson, L. P. Shipley, Asst. Sec.

Directors: H. N. Mallon, Bradford, Pa.; W. V. Griffin, G. L. Ohrstrom, P. S. Bush, New York, N. Y.; W. A. McAfee, L. C. Harvey, Cleveland, O.; J. B. O'Connor, C. F. Clark, Olean, N. Y.; A. R. Weis, Huntington Park, Calif.: Norman Chandler, Los Angeles, Calif.; O. M. Havekotte, Columbus, O.

Annual Meeting: Third Monday in March, Number of Employees: Nov. 1, 1944, 2,078, Number of Employees: Nov. 1, 1944, 5,422. General Officer 1150 Terminal Tower, Cleveland, Ohio.

Unfilled Orders: Feb. 28, 1945, 546,850,000; Oct. 31: 1944, \$38,000,000; 1943, \$36,500,000.

Consolidated Income Account, years ended Oct. 31: 1944 Net sales	31: 1944, 938,000,000; 184	3, 330,300.00	ru
Det. 31:         1944         1943           Net sales	Consolidated Income	Account.	years ended
Cont of sales		1944	1943
Cost of sales	Net sales	254.995.408	\$62,499,030
Selling etc. exp.   3.948.445   3.299.167     Moperating profit   9.138.677   10.224.845     Other income		41.908.286	48.975.018
Moperating profit   S.138.677   10.224.845   Other income		3.948.445	3.299.167
Öther income         74.870         45.862           Total income         9.213.547         10.270.807           Interest         385.572         304.834           Other deduc         18.014         cr 5.35           Fed. income tax         560.000         500.000           Excess profits tax         6.419.000         7.470.00           Post-war tax cred         cr 242.000         cr 204.000           Can. & st. inc. tax         53.000         50.000           Adi. pr. yrs net         cr 37.398         47.366           Renegot. prov         [3800.000         700.000           Net income         670.000         586.250           Surplus for year         986.359         1.281.42           Prev. earn. surpl.         5.478.573         4.339.484           Credit         1.62.467         3125.814           Earn. surpl 10-31         6.485.339         5.478.573           Earned per share.         350.000         350.000           Marker depreciation and amortization: 1944.         350.000		9.138.677	10,224,845
Total income		74.870	45.962
Section   Sect		9.213.547	10,270,807
Other deduc net         18.014         cr 5.836           Fed. Income tax         560.000         560.000           Excess profits tax         6.419.000         7.470.000           Post-war tax cred         cr 242.000         cr 240.000           Can. & st. inc. tax         53.000         50.000           AdJ. pr. yrs net         673.398         47.366           Renegot. prov         [3800.000         700.000           Net income         670.000         586.250           Surplus for year         986.359         1.244.893           Prev. earn. surpl.         5.478.573         4.339.494           Credit         20.407         [3125.814           Pr. yr. renes net         [3125.814           Earn. surpl 10-31         6.485.339         5.478.573           Earned per share         350.000         350.000           MAfter depreciation and amortization: 1944.			
Fed. income tax 560.000 500.000 Excess profits tax 6.419.000 7.470.000 Post-war tax cred. cr 242.000 cr 244.000 Can. & st. inc. tax 53.000 50.000 Ad3. pr. yrs net. cr 37.398 47.366 Renegot. prov [2800.000 700.000 Net income 1.556.359 1.851.143 Dividends 986.359 1.254.293 Prev. earn. surpl. 5.478.573 4.339,494 Credit 20,407 Pr. yr. renex. net 20,407 Pr. yr. renex. net 24.73 Earned per share. 34.73 5.53 Imater of shares 350.000 355.000	Other deduc., net		CT 5.536
Excess profits tax 6.419.000 7.470.000 Post-war tax cred. cr 242.000 cr 204.000 So.000 So.000 So.000 Ret income		560,000	600,000
Post-war tax cred. cr 242.000 cr 204.000 Debt retire cred. cr 400.000 cr 543.000 Can. & st. inc. tax Adj. pr. yrs., net. cr 37.398 47.366 Renegot. prov. [2800.000 700.000 Net income. 1.556.359 1.851.143 Dividends 67.000 586.250 Surplus for year. 986.359 1.264.293 Prev. earm. surpl. 5.478.573 4.339,494 Credit ————————————————————————————————————			7,470,000
Debt retire. cred			cr 204.000
Can. & st. inc. tax Adi. pr. yrs., net. Renegot. prov. Net income			cr 543.000
Adj. pr. yrs. net. cr 37.398 47.366 Renegot. prov		53.000	
Renegot. prov.   (3800.000   700.000   Net income   1.556.359   1.851.143   Dividends   670.000   586.250   Surplus for year   986.359   1.264.893   Prev. earn. surpl.   5.478.573   4.339.494   Credit   20.407   Tr. yr. reneg. net   (3125.814   Earn. surpl. 10-31   6.485.339   5.478.573   Earned per share   34.73   35.53   Number of shares   350.000   350.000   S7.000   The form of shares   350.000   S7.000   S7		CT 37.398	47.366
Net income   1.856.359   1.851.143			700,000
Dividends 670,000 588,250 Surplus for year 986,359 1,264,693 Prev. earn. surpl. 5,478,573 4,339,494 Credit 20,407 Pr. yr. reneg. net 20,407 Earn. surpl. 10-31 6,485,339 8,478,573 Earned per share 34,73 \$5,53 Number of shares 350,000 350,000 MAfter depreciation and amortization: 1944			1.851.143
Surplus for year 986.359 1.244.893 Prev. earn. surpl. 5.478.573 4.339,494 Credit			
Prev. earn. surpl. 5.478.573 4.339,494 Credit 20,407 Pr. yr. reneg., net 3125.814 Earn. surpl. 10-31 6.485.339 5.478.573 Earned per share. \$4.73 \$5.53 Number of shares 350,000 335,000 MAfter depreciation and amortization: 1944.			
Credit 20,407 Pr. vr. reneg. net 3125.814 Earn. surpl. 10-31 6.485.339 8.478.573 Earned per share. 34.73 \$5.53 Number of shares 350,000 \$35,000 MAfter depreciation and amortization: 1944.			
Pr. vr. reneg., net [3125,814] Earn. surpl., 10-31 6.485,339 5.478,573 Earned per share. \$4.73 55.53 Number of shares \$50,000 355,000 MAfter depreciation and amortization; 1944.			
Earn. surpl 10-31 6.485.339 5.478.573 Earned per share. \$4.73 \$5.53 Number of shares 350.000 335.000 MAfter depreciation and amortization: 1944.		•	131125.814
Farned per share. \$4.73 \$5.53 Number of shares \$50,000 \$35,000 MAfter depreciation and amortization: 1944.	Farn surni 10-31		
Number of shares 350,000 335,000 MAfter depreciation and amortization: 1944.	Farned ner share		
MAfter depreciation and amortization: 1944.			335,000
	MAfter depreciation		
	\$823.389: 1943, \$724.214.		

Mincludes \$50,000 additional provision for

prior year.

DNet after adjustment of taxes applicable to year 1942.

Notes: (a) Company has made provision for enegotiation of contracts for year ended Oct. (. 1944 based on 1943 settlement. (b) Total taxes: 1944, \$7,060,174; 1943, \$8,170.

940. Consolidated Canital Surplus Account, year ended Oct. 31, 1944: Balance Nov. 1, 1943, 3854-260. Add: Excess of selling price of 15,000 treasury shares over amount assigned to stated capital. \$326,450: reserve for doubtful accounts provided by subsidiary company at date of acquisition—returned to capital surplus, \$75,146: transfer from stated capital in connection with change of capital stock without par value to capital stock without par value to capital stock having par value of \$1 ter =hare, \$3,150,000: balance Oct. \$1, 1944, \$4,405,856.

 
 (405.856
 Consolidated Sales and Earnings:

 Net
 Net

 1942
 S28.796.687
 [3]\$1.728.517

 41
 11.777.300
 1.010.615

 40
 11.833.753
 1,986.682

 329
 6.912.362
 765.612

 328
 5.802.771
 53.212
 Earn. [] Year [?] 1942.... 1941..... 2)\$5.16 3.01 3.57 2.83 0.18

\$4,405,856

1833 5.802.771 53.212 0.18
[1] 1938-40, years ended Dec. 31: 1941, ten months to Oct. 31: 1942, year ended Oct. 31.
[3] Includes operations of Bovaird & Seylang Manufacturing Co. since Jan. 1, 1942.
[3] After renegotiation. revised net profit was \$1.602,702 equal to \$4.78 per share.

Consolidated Balance Sheet, as of Oct. 31:

Consolicated Balan	CG Buder as c	
Assets:	1944	1943
Cash	\$8,805,774	\$8,420,253
U. S. tax notes	231,150	401.834
Receivables, net	4.992.147	4,668,380
War contr. claim.	881.122	356,573
	8.633.813	6.721.377
Inventories	6,033,613	0.121,311
Total current_	\$23,544,006	\$20.568.417
		7.595.117
Plant & equip	7.815.659	4.277.280
Depreciation	4.603.164	
Net property	3.212.495	3.317.837
Emerg. plt. facil	1.682.229	1,475,490
Amortization	762.928	481,444
Net emerg, facil.	919,301	994,046
Patents	1	1
Affil, etc. cos. inv.	105.000	61,339
Post-war tax refd.	502.464	239.162
Misc. receiv., etc	113,777	80.105
Deferred charges.	242.230	207,274
- · ·		
Total	\$28.639,274	\$25,468,181
Liabilities:		••
V loan payable	\$9,500,000	\$8,500,000
Debt due		150,000
MAccts, payable	4.016.672	3,118,298
War contr. liab	466.395	235.981
Accruals	994.988	930.824
Dincome taxes	2,120,024	2,400,245
Mucome divesire	5,120.04	
Total current.	\$17,09B.079	\$15,335.348
Long term debt	300.000	450,000
TCapital stock	350,000	3,350.000
Capital surplus	4.405.856	854,260
Earned surplus	6.485.339	5.478.573

\$28.639.274 \$6.445.927

MAfter deducting U. S. tax notes; 18 \$4.511.550; 1943. \$5.175.507. [2] 1944, par value \$1; 1943. 335.000 no

(Blaves, shares.

(BAt lower of cost or market: after advantage on tract vayments: 1944, \$188.098; 1942, \$180.000 (Block) accounts cartified by Ernst & Ernst

tively.
PURPOSE—Issued to repay a \$750,000 loan to
Brown Bross. Harriman & Co. and for additional working capital.
OFFERED—\$750,000 sold in March, test to
Brown Brothers Harriman & Co. New Yest
and \$750,000 to Mutual Life Insurance Co. of
New York.

and \$750.000 to Mutual Life Insurance Co. of New York.

2 V Loans: On May 25, 1942, Bryant Heater Co.. a wholly-owned subsidiary, negotisted a \$5.000.000 regulation V loan credit agreement, maturing Jan. 1, 1945, which is 90% guaranteed by the Government. On April 30, 1943 the loan was augmented by a further \$3.000.000 line of credit which was never utilized, and was concelled as of Sent. 30, 1943. In Oct., 1943 commany horrowed \$6.000.000 under the agreement, of which \$2.000.000 was subsequently repaid, leaving a halance of \$4,000.000 outstanding at of Oct. 31, 1944.

On May 8, 1943. Clark Bros. Co.. Inc., a wholly-owned subsidiary, obtained a \$5.500.000.

The credit agreements provide under concentration V loan, maturing June 30, 1945. As of Oct. 31, 1944, horrowings under the loss agreement amounted to \$5.500.000.

The credit agreements provide under conditions for reduction in the loss when in indicated metwity dates. Agreements also indicated metwity dates. Agreements also indicated metwity dates. Agreements also removed for (1) the assignment to banks of all amounts due or becoming due to the subsidiaries under any approved contracts and (2) liens against any balances in social hank accounts provided under the agreement in addition, the subsidiaries, without concentration hank, are not permitted to pay any differed date of respectivey bank agreements.

Capital Steek: 1. Dresser Industries, formers against any balances in second after date of respectivey bank agreements.

Capital Steek: 1. Dresser Industries, teamment was 80 cents: 1. Dresser Industries, teamment was 80 cents: AUTHORIZED — 2.400.000 shares (increased from 335.000 shares to 2.400.000 shares Mar. 27, 1945): issued and outstanding. Aur. 16, 1945, 1.060.059 shares: par 50 cents (changed from no par to nar 31. Oct. 23, 1946; to nar 50 cents, Mar. 27, 1945, on a two-forces solit).

to ner 50 cents, Mar. 27, 1945, on a two-foress solit.

ISSUEED—(\$50,000 shares) in Dec., 1958, in holders of S R Dresser Mfg. Co. class A convertible and class B stock and Clark Bros. Of Common on basis of two shares for each old class A share and one share for each old class A share and one share for each old class A share and one share for each old class A share and one share for each old class and are shares for each old common share of Clark Rone. Co stock. \$0,000 of these shares were shares were exchanged for entering the shares were exchanged for common stock of Pacific Pumn Works, and B June. 1944. remaining 15,000 treasury shares were sold to crivate investors.

Issued 103,000 shares (par SI) in Nov., 1941 in connection with acquisition of Interesting in connection with acquisition of proceeding to companies: Kobe. Inc. (69,188); Payr & Furnace Supply Co., Inc. (41,827); Day &

1942, 21.50: 1943 and 1944. SI.
TRANSPER AGENTS—Brown Bros. Harring
& Co., New York, and Bank of America N. S.
& A. I.or Angeles
Thy Toping DISBURSING AGENT—Brown
Bros. Harring AGENT—Brown
Bros. Harring AGENT—Brown

V	•	
	,	1/00 DI
)		MOODI
EGISTRARS—City for York, and Secu- list Angeles. LISTED—On New Yo erchanges. EFRICE RANGE—IS EER- EER- EER- EER- EER- EER- EER- EER	Bank Farmers	Trust Co.,
Angeles.	rity-first Mau	onal Bank,
LISTED ON NEW 10	TE and Los An	Resea Stock
PRICE RANGE	44 1943 1942 18 18 18 18 18 18 18 18 18 18 18 18 18 1	1941 1940 2316 30 1846 1446
mformer no par al	ares.	4478 4474
WALTHAM WAT Mistery: Incorpore Missechusetts Feb. Watch & Clock Co., Watch & Co., name of Watch Co., april 25. With Co. April 2	CH CO.	
Messachusetts Feb.	9, 1923, as the	Mejthem
Watch & Clock Co.,	successor to the	o Waltham
watch Co. April 25.	1925. lization plan d	eclared ef-
ective May 19, 1945,	holders of 69 \$120 principal	amount of
income debenture	es, due 1975 for sumulated divi	each share dend there-
which on May 1,	1945 amounted I shares were	to \$18 per called for
redemption July 18.	1945. No par sbare	were of-
ered in exchange 10	class B shares ch class A sha	re held.
for one split) for ear Business: Compan- tion to watch mo seedometers, and a now producing war	y manufacture	es. in addi-
seedometers, and	utomobile clo	cks and is
properties: Plant.	at Waltham.	Mass con-
mins over 8 acres on	nnected build	tiver. Plant ings having
producing war properties: Plant. hims over 8 acres on emists of 30 interce a foor space of 450 ews two small woo ing houses. a paved and a private bark o Officers: I. Guilde Boucher, Vice-Pres.: Birectors: R. Amigardner, O. K. A I Guilden. Chandler ansure Meeting: We. of Employees.	000 sq. ft. Co: den buildings.	mpany also two dwell-
on houses, a paved	parking lot ( f one acre.	of 1.5 acres
Officers: I. Guilder	n, Pres. and T and Mgr.; O. S	reas.; I. E. haw, Clerk.
Directors: R. Ame	ory, H. C. Bi Inderson, J.	eck, G. P. P. Chase,
I Guilden. Chandler	Hovey. Then called.	
No. of Employees	April 28, 19	5. approx.,
Office: Waltham, h	lass. ears eaded (fr	om SEC 20-
owies: Waltham, he more Account, years): Net sales. Reneg. ref. (1943). Balance	Dec. 31,'44 \$11,682,714	Jan. 1, 44 210,588,194
Reneg ref. (1943). Balance	11.682.714	582,345 10,105,849
Cost of sales	9,646.703 489.884	8.394.519 289.245
Toperating prof.	1,846,457 43,184	1,421,485 21,422
Total income	1,589,642	1,442,908 28,195
Amort. debt disc Other interest Other deductions.		2.321 7.065
	33,000 275,000 825,000	7.065 35.630 263.331 670.549
Excess prof. tax	825,000	670,549 cr 67,055
Post-war tax cred.	CT 82,500 50,000	
Net profit	489.142	502.872 26,341
referred divs.	489.142 26.327 556.787 402.921	
urplus for year.	£ 496.893	476.531 1,758.851
Other deductions. Fed income tax. Fed income tax. Fed income tax. Debt retire. cred. Post-war tax cred. Contingency res. Het prefit. Prior pfd. divs. Frierred divs. C. A com. divs. Surplus for year. Frev. earn. surp. Fed etc., tax res. Doubt. acct. res. Laventory res.	496.893 2.343.874 cr 119.159 cr 239.567 cr 50.000 dr 10,239	*******
eventory res	cr 239.567 cr 50.000	4,406
Ly Jrs. Inc. tax	ar 10.239	4.406

MESUM VOCABUM	AGEL AMERIC ! »	
morts):	Dec. 31.'44	Jan. 1,'44
Net sales	\$11,682,714	310,588,194
Reneg. ref. (1943).	<b>421,00</b> 2,002	582,345
	11,682,714	10.105.849
Balance	11.002.113	8.394.519
Cost of sales	9,646.703	
Seiling, etc., exp.,	489.884	289,845
Toperating prof.	1,546,457	1,421,485
Other income	43.184	21.422
Total income	1.589.642	1.442.908
Pended debt int	2,000,000	28,195
	.,	2.321
Amort. debt disc		
Other Interest		7.065
Other deductions.	33.000	35.630
red income tax	275.000	263,331
Excess prof. tax	825,000	670,549
Debt retire, cred.		CT 67.055
Post-war tax cred.	CT 82.500	
war tax cred.		
Contingency res	50.000	502.872
Net profit	489.142	502.872
mor pid. divs	26.327	26,341
referred divs	556.787	
A com. divs	402.921	
urplus for year.	₫ 496,893	476.531
nev. earn. surp	2.343.874	1,758,851
Pari ada		
ed etc., tax res	cr 119.159	******
Doubt. scct. res	cr 239.567	
MACUITAL LOG	cr 50.000	
. JIR. Inc. tay	dr 10.239	4.406
74 WIC. 201	-,,	cr 112.898
WELL SPITTIONS	25,000	0. 222,000
Lim surp.	2,220,467	2.343,874
Lern		
	\$129.95	\$133.53
	14.31	14.73
	11.00	11.47
	3.764	3.766
	32.343	32.343
no of cl. A shs	24.420	24.630
MAHOR	Han. Das 21	AG #84. Tor
After deprecia	nou: Dec., M	VE,004; JED.,
Disregarding pr	reserved arreas	78.
Note: Company	le enhant to b	

Note: Company is subect to renegotiation of war contracts for 1944 but believes results will not be material and that adequate provision has been made for possible adjustment in estingency reserve.

CHANGE OF THE STREET OF THE ST

Serch LeseLA	₽.	•
Pare and Karnin	FR:	
ACT AND STREET	Sales	Net Income
90	\$8.487,013	\$481.231
	7,331,262	550.827
340	5.737.875	284.501
	5.094.868	216.020
Rel	3.367,837	£ 249,872
Assets:	of:	
Connects:	IDec. 31,'44	Jan. 1.*44
	\$613,638	\$3,664,352
Bowt. Secur.	2,907,584	566.305
Cah S. B. Govt. secur. Securables	832.984	1.024.829
	1.059.614	1.046.100
	2,050,010	-,0 -0,200
Total		·
Current.	\$5,413,821	
hat & equip.  Bereciation  Page property  Beat, etc.	4,509,924	4,200,636
Bernandil	* 3,034,158	2.949.843
Patent Property	1.475.765	1.250.793
Peace etc.	1,350,000	1,350,000
		41.556
ments cost	33,161	
deduct	105.110	
Pay deduct.	84.979	35.000
deposit	30.313	
ments	27.678	15.917
Total	21,010	10,011
K= 7≥1 4 <b>015</b> 1		

Liabilities: Accts. pay., etc Oth. accrd. taxes. Fed. income tax	1944 \$532,345 170,479 1,138,700	1943 \$324.488 141.437 1,344,200	
Total current. Empl. pay deduct. Reserve for taxes	\$1.841.524 105,110	\$1.810,125 102,720 119,159	
Bad debt reserve. Inventory res Contingency res	50,000	239.567 50.000	
7% pr. pref. (\$100) 6% pfd. stk. (\$100) [I]Com. & cap. surp.	377,730 3,234,260 708,341	377.730 3,384.285 605.922	
Earned surplus Total  MReacq. stock Net sik. & surp.	2,220,467 6,540,799 16,606 6,524,193	2.448.845 6,816,782 1.116 6.815.666	
Total	\$8.520,827	\$9,137,236	

Total 58.520.827 59.137.236

Net curr. ssets... \$3.572.297 \$4.491.462

[] Shares at cost: 6% pfd., 1,500; common A, 370 (1942, 360); common B, 1,500, reserved for employees other than officers.

[] 25.000 class A and 41,869 class B no par

shares.
[]Dec., 13 pr. pref. and 580 com. cl. A; Jan.,
11 pr. pref. shares.
[]From SEC report.
Note: Preferred dividend arrears Dec. 31,
1944: Prior preference, \$6,582 (\$1.75 per share);
6% preferred. \$387,780 (\$12 per share).
Accts. certified. Stewart. Watts & Bollong.

Funded Debt: 1. Waltham Watch Co. 5% convertible income debentures (subordinated)

Rating—B
AUTHORIZED—\$3,881,040; outstanding May 25.

AUTHORIZED—\$3.881.040; outstanding May 25, 1945, \$3.881.040.

DATED—May 1, 1945.

MATURITY—Due May 1, 1875.

INTEREST PAYABLE—M&N 1 in Boston at 5% per annum out of available earnings at hereunder defined. Uncarned and unpaid balances to accumulate and to be payable out of next earnings in excess of annual requirements: provided that such "accumulated interest" may not increase beyond 18%.

Accumulations need not be paid in excess of amount which, if deducted from current assets at close of preceding fiscal period, leaves remainder equal to 150% of current liabilities. For this purpose accumulated interest may not be treated as a current liability, and tax reserve securities must be treated as net of tax liabilities. Interest, otherwise payable but withheld under this latter provision, becomes deferred interest payable as soon as earnings suffice but absolutely payable at maturity. Interest (except at maturity) not required to be paid in amount less than 1% of outstanding principal or more than largest multiple of 1/20 of 1%. Any such remainders become deposited interest payable in addition to any future payments.

When debentures become due and payable, there also becomes due all accumulated, deferred and deposited interest and all current interest (subject to 15% limitation on current and accumulated interest).

AVAILABLE EARNINGS—Computed as ordinary net income, plus the following (so far as deducted in computing net income): (1) Interest on debentures and any other interest not having priority; (2) income taxes computed after debenture interest, and (3) charge-offs of patents, etc., appearing initially at \$1,350,000.

DENOMINATIONS—Coupon, \$20, \$100, \$500 and \$1,000; registerable as to principal.

CONVERTIBLE—Each debenture (but not any part thereof) convertible at any time prior to the third day preceding redemution described.

and \$1.000; registerable as to principal.

CONVERTIBLE—Each debenture (but not any part thereof) convertible at any time prior to the third day preceding redemption date into class B no par common at rate of 4 common shares for each \$100 principal amount of debentures. No interest represented by unmatured coupons shall be payable upon conversion. Conversion privilege protected against dilution. Converted debentures are to be cancelled.

against dilution. Converted debentures are to be cancelled.

CALLABLE—As a whole or in part by lot at any time on 30 days' published notice at 100 plus interest.

SECURITY—Not secured by any lien.

SUBORDINATION OF DEBENTURES—Principal and interest to be expressly subordinated in case of receivership, insolvency, etc., or any marshalling of assets and liabilities, to all other indebtedness of company except any debt made expressly equal or junior to debentures.

debt made expressly equal or junior to depentures.

ADDITIONAL SECURITIES—Debentures limited to 3.881.040. Indenture does not limit amount of other securities (secured or unsecured) which company may issue.

DIVIDEND RESTRICTIONS—Dividends (except stock dividends) payable only if provision be made for all accumulated, deferred or deposited interest on debentures.

nested interest on debentures.

RIGHTS UPON DEFAULT—Upon default, trustee may and, upon majority written request, shall declare all outstanding principal and interest due and payable. Trustee shall within 90 days of a continuing default notify holders (if such notice be deemed in holders best interests).

interests).
ENTURE MODIFICATION — Provisions
enture with conbest interests INDENTURE may be modified. except as provided, with con-sent of holders of at least 51% of debentures. PURPOSE—(\$3,073.920) issued in exchange for

for each preferred share and (\$807,120) offered publicly (see below).

OFFERED — (\$807,120) (being unexchanged portion of \$3,881,040 offered to preferred stockholders—see suppose above) at 100 on May 15, 1945, by a syndicate headed by Union Securities Corp., New York.

7% Prior Preferred Retired: Entire issue of 7% cum. prior preferred retired at \$105 plus accrued dividend of \$1.75 per share on July 1, 1945, at State Street Trust Co., Boston, Mass.

2. Waitham Watch Co. class B comm

May 24. 1945 327.737.5 shares: outstanding May 24. 1945 327.737.5 shares: reserved for conversion of 5% debentures 155,241.8 shares; no par.

Under the recapitalisation plan declared operative May 19. 1945 capital was increased from 131,868.75 shares to 300.000 shares, and subsequently to 600,000 shares (after two for one split), 244,000 shares were issued to holders of 24,400 class A shares and 83.737.5 shares in exchange for 41.868.75 class B theres.

Has one vote per share. Has no preemptive rights.

To Purchase Fractionel Class B Shares:
After company's recapitalization plan is consummated (see "History" above), and 6% preferred stock not exchanged under plan is called for redemption on or about July 15, 1945, fractional shares of class B common stock may be tendered at office of transfer agent. State Street Trust Co., Boston, for purchase by company on or before June 30, 1945, on basis of closing bid price for full shares on last business day before date of tender, as published in the National Quotation Service.

Transfer Agent: State Street Trust Co., Boston, Mans,
Registrae: Old Colony Trust Co., Boston,

Registrar: Old Colony Trust Co., Boston,

Mass.

Purchase Offer: On May 22, 1944, an offer was made by Union Securities Corp. (Md.) to purchase company's stock at the following prices (less adjustments for dividends, if any): 7% prior preferred, at \$102.50 per share: 8% preferred, at \$75 per share: class A common, at \$70 per share: class B common, at \$11 per share. Offer expired June 21, 1944 and the following shares were acquired: 531.1 7% prior preferred: 3.184.55 6% preferred: 19.395 class A common and 6.648.6 class B common.

Warrants: Outstanding 80.000. Issued to I. Guilden, president, to purchase 80.000 class B shares as follows: 20.000 shares after Jan. 1, 1945 and 20.000 shares after July 1, 1945 at \$5.50 per share; 20.000 shares after July 1, 1945 at \$5.50 per share; 20.000 shares after Jan. 1, 1946 at \$4 per share and 20.000 shares after Dec. 31, 1946 at \$6.50 per share, all options to terminate June 30, 1952.

#### ELASTIC STOP NUT CORP. OF AMERICA

OF AMERICA

Mistery: Incorporated in New Jersey Feb.

14. 1934 as Elastic Stop Nut Corp. when it acousted all machinery and equipment used by C. A. Swanstrom and American Gas Accumulator Co. in the manufacture of elastic ston nuts: present corporate title adnoted March

1. 1943. in order to use trade mark ESNA.

Business: Engaged in the manufacture of self-locking nuts and special self-locking fittings of many different types and sizes.

Preperties: Plant located at Union. N. J. is located on 7 acres of land and has 196.000 square feet of floor space.

Also owns a plant at Lincoln, Neb. having 217,000 square feet of floor space and leases machinery from Defense Plant Corp.

In 1943 purchased Massey Warehouse in

# MOODY'S MANUAL OF INVESTMENTS

## AMERICAN AND FOREIGN

## INDUSTRIAL SECURITIES

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1944

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in 5% convertible debent in 1943 and maturing June 1, deductions, \$6,955,868. Be total east 275.	tures, dated 1968, \$6,500,- Liance, May
isk eral deduction of the state	of May 31,
Andrews	\$1.116.339 1.352.106 5.855.547 264.281
Total current buildings, equip., etc. graculation let property the amets	\$8.588,275 9.647,415 6.641,040 3.006,374 76,081 44,252
stantial  stanti	\$11,714,982 \$2,250,000 172,255 787,800 325,552
Approach taxes  Approach taxes  Approach taxes  Approach taxes  Approach tax tax  Approach tax tax tax  Approach tax tax tax  Approach tax tax tax tax  Approach tax tax tax tax tax tax tax tax	31.713 358,692

Total current

Day, debenture 5s, 1968

Common stock (\$1)

Capital surplus \$3.925.812 6,500,000 302.895

Total \$11.714.982

Met current assets \$4.562.463

In Mater deducting \$100.000 U. S. tax notes.

Accounts certified. Haskins & Sells.

Funded Debt: 1. Celerade Milling & Elevance S. sinking fund debenture 4s. due 1958:

AUTHORIZED—\$3.000.000; outstanding. Apr.

18. 1944, \$2.900.000; retired, \$100.000. Privately held.

18. 1844, \$2.900,000; retired, \$100,000. Privately held.

DATED—Aug. 15, 1943.

MATURITY—Aug. 15, 1958.

MATURITY—Aug. 16, 1958.

MATURITY—Aug. 16, 1958.

MATURITY—Aug. 16, 1958.

MATURITY—Aug. 16, 1969.

MANURITY—Aug. 16, 1969.

MANURITY—Aug. 1969.

MAN

case cash deposited is to be applied to redemption of debentures by lot at 100 and interest.

Company may make an additional sinking fund payment on each July 1 beginning 1944 sufficient to redeem not exceeding 3150,000 of such debentures in such year at redemption grices below stated, provided that (1) sum of (a) total additional sinking fund payments made from May 31, 1943 to next preceding May 31 and (b) all dividends and other distributions paid in respect of capital stock (ether than stock dividends and except dividend paid in debenture 5s in June, 1943) from June 1, 1943 to July 1 of the year in which such additional sinking fund payment is made shall not exceed (c) consolidated net income of company, whichever is less, during such period and (2) consolidated net current assets as of May 31 in such year shall be at least 34,500,000.

"Any additional sinking fund payment is to explice by Trustee to redemption of demutures by lot at 100, without premium with respect to first \$150,000 debentures to be residented through such additional payments; with a premium of 14% with respect to second \$150,000 of such debentures; and with a premium increased by 14% over next preceding \$150,000 of cheentures redeemed with respect to each subsequent \$150,000 of cheentures to periodement through such additional sinking fund payment.

ECURITY—Not excurred.

sis 0.000 of debentures redeemed with respect to each subsequent \$150,000 of debentures to be redeemed through such additional sinking fund payment.

ECURITY—Not secured.

CRFATION OF ADDITIONAL DEBT—So long as debentures are outstanding, company will sot (1) create any additional funded debt, (2) parmit any subsidiary to create any debt, secured or unsecured, and (3) create or allow to exist any mortgage, pledge or other lien. This covenant will not restrict (1) creation or suffering to exist by company of purchase soney mortgages or pledges, not exceeding a total of \$1,000,000, to secure not exceeding a total of \$1,000,000, to secure not exceeding ever i less, of any property to be acquired by company. (2) creation of a mortgage for retunding any such purchase money mortgage. (3) deposits in ordinary course of business of current assets to secure obligations ander workmen's compensation laws or in less of surety bonds. (4) creation by a sub-

sidiary of any debt, secured or unsecured, in favor of company and (5) the incurring by any subsidiary of accounts payable (not loans) in ordinary course of business.

DIVIDEND RESTRICTIONS—So long as debentures are outstanding, company agrees that it will not pay any dividend on, or make any distribution in respect of, its capital stock (other than in stock) or make any payments in cash or property for purchase or retirement of any shares of capital stock. unless, after giving effect thereto (1) consolidated net current assets are at least \$4,500,000 and (2) consolidated net income or net income of company, whichever is less, from May 31, 1943 to date of such dividend, distribution or payment, shall exceed sum of (a) total of all such dividends, etc. (except stock dividends and except dividend paid in debenture 5s in June, 1943) made during such period and (b) \$150,000 multiplied by the number of years or fractions thereof elapsed during such period, or \$1,000,000, whichever is less.

Notwithstanding above covanant, the company may pay dividends on such of the 70,000 shares of preferred stock outstanding, provided consolidated net income or net income of company, whichever is less, during period from May 31, 1943 to date of such dividend shall exceed sum of all dividends, distributions and payments (except stock dividends and except the dividend paid in debenture 5s in June, 1943) made during such period in respect of capital stock and provided further that, after giving effect to such dividend on preferred, consolidated net current assets are at least \$4,250,000.

RIGHTS UPON DEFAULT—In event of default (30-day grace period provided for interest payment), Trustee or holders of 35% of debentures may declare debentures due immediately.

NDENTURE MODIFICATION — Provisions may be modified, except \$5 sprovided, with

of debentures may deciare debentures due immediately. INDENTURE MODIFICATION — Provisions may be modified, except a sprovided, with consent of holders of 66 2/3% of debentures. TAX STATUS—No provision for refund or assumption of Federal or state taxes. PURPOSE—Issued together with preferred stock to redeem debenture 5s due June 1, 1968. OFFERD—(\$3,000.000) sold privately to Mutual Life Insurance Co. of New York and Metropolitan Life Insurance Co., at principal amount thereof plus accrued interest. Capital Stock: 1. Colorado Milling & Elevator Co. 33 cumulative convertible preferred; no par:

tor Co. 33 cumulative convertible preferred; no par:
AUTHORIZED—70.000 shares; outstanding. Dec. 31, 1943, 70.000 shares; no par.
DIVIDEND RIGHTS—Entitled to preferential cumulative dividends at rate of \$3 per share per annum, payable quarterly, Mar. 1, etc. to stock of record about Feb. 15, etc.
DIVIDEND RESTRICTIONS—See description of debenture 4s due 1953, above.
DIVIDEND RECORD—Initial dividend of 75 cents paid Mar. 1, 1944.
VOTING RIGHTS—Entitled to one vote per share; in addition, if dividends accrued or in arrears on preferred amount to \$4.50 per share or more, then and until all dividends on preferred ascrued or in arrears have been paid and current dividend provided for, preferred as a class is entitled to elect one-third of directors.

as a class is entitled to elect one-third of directors.

So long as preferred is outstanding, company may not, without consent of holders of at least two-thirds of preferred, adversely change rights of preferred, increase authorized preferred or create equal of prior stock.

LIQUIDATION RIGHTS—On liquidation, entitled, before distribution to common, to \$55 per share if voluntary and to \$50 per share if involuntary; plus dividends in all cases. PREEMPTIVE RIGHTS—None provided. CONVERTIBLE—Until June 1, 1958 (or if called for redemption, at any time prior to redemption date) into common stock as follows (taking preferred at \$50 a share); At \$13 a common share to June 1, 1946, incl.; at \$16 thereafter to June 1, 1949; at \$19 to June 1, 1952, incl.; and at \$22 on or before June 1, 1958.

Conversion privilege is protected against dilution.

incl.; and at \$22 on or before June 1, 1958.
Conversion privilege is protected against dilution.
CALLABLE—As a whole or in part on 30 days' notice at \$35 per share and dividends. Less than all preferred may not be redeemed until all dividends accrued or in arrears on preferred have been paid for all past periods and full dividends for current dividend period have been set apart.
PURPOSE—Net proceeds, including proceeds of debenture 4s, 1958 sold privately, applied to redemption of debenture 5s. 1968.
TRANSFER AGENTS—Chase National Bank. New York and Denver National Bank, Denver. REGISTRARS — Central Hanover Bank & Trust Co., New York and International Trust Co.. Denver.
OFFERED—(70,000 shares) at \$52.50 per share (proceeds to company \$49.50 per share) Dec. 20, 1943, by a syndicate headed by Union Securities Corp.. New York.

2. Colorado Milling & Elevator Co. commen; par \$1:
AUTHORIZED—750,000 shares: outstanding. Dec. 21, 1943, 302 895 shares: received for con-

par \$1:
AUTHORIZED—750.000 shares: outstanding, Dec. 31, 1943, 302,895 shares: reserved for conversion of preferred, 269,231 shares: par \$1.
DIVIDENDS—So long as preferred is outstanding, in no event may any dividends (other than in common stock) be paid or any other distribution made in respect of common stock, or may any expenditures be made for

acquisition of common stock, unless at time such dividend is paid or such distribution or expenditure is made the net assets remaining after deducting amount of such dividend, distribution or expenditure shall be at less 100% of aggregate amount to which all shares of preferred and all shares on a parity with preferred, shall be entitled as a preference over common in event of any voluntary liquidation.

ation.
DIVIDEND LIMITATIONS - See preferred

above. VOTING RIGHTS—Has one vote per share, with restrictions (see preferred above). PREEMPTIVE RIGHTS—None provided. TRANSFER AGENTS—Guaranty Trust Co., New York and International Trust Co., Denver

Ver. REGISTRARS REGISTRARS—Marine Midland Trust Co. New York and Denver National Bank, Denver

CONTINENTAL MILLS Mistory: Incorporated in Maine in January.

Mistery: Incorporated in Maine in January, 1865.

Business: Manufactures cotton twills, satteens, lawns, Dobby Fancies, etc.

Properties: Mill's located at Lewiston, Me., are equipped with 2,500 looms and \$7,250 spindles.

Officers: Chas. B. Barnes, Pres.: V. L. Faulkner, Treas.; A. M. Wellman, Clerk.

Directors: Reginald Foster, Chas. B. Barnes, Chas. Stetson, William Dexter, Boston: F. A. Flather, Lowell, Mass.; C. L. Abbott, Newton, Mass.; V. L. Faulkner, Boston, Mass.

Annual Meeting: Third Wednesday in Sept., at Lawiston, Me.

No. of Stockholders: About 250.

No. of Employees: About 750.

Office: 31 Bedford St., Boston, Mass.

Sales and Earnings, years ended June 30:

1943

1942

	1943	1942
Net sales	\$4.831.651	\$3,900.112
Net bef. tax, etc	640.255	771.044
Inc. & prof. tax	390,300	<b>33</b> 6,850
Contingency res.	100.000	*******
Net prefit	149.955	434,194
Earned per share	\$10.62	\$30.75
No. of shares	14,120	14,120
Raiance Sheet, as e		
Assets:	1942	1941
Cash	\$123.816	\$87,589
Inventories	976.091	762.818
Receivables	155.927	148,326
Total current.	\$1,255,824	\$996,733
Plant, etc.	3,155,404	3,128,247
Investments	212,260	62,000
DTreasury stock	43.612	43.612
Prepaid ins., etc	50.503	22,235
Other assets	9,561	
Water!	44 502 114	21.050.000
Total	\$4,727,114	\$4,252,827
Liabilities:	C-1100 000	****
Current liabil	<b>⊞</b> S∂66.070	3400.313
TRescrives	2.020.284	2,245,949
Capital stock	1,500,000	1,500.000
Surplus	<b>540.760</b>	106,363

Total \$4,727.114 \$4.252
Net curr. assets \$539.764 \$596
Dincinudes \$298,000 reserve for Federal come and capital stock taxes. \$4,252.827 \$596,420 deral in-

(1860 shares at cost.

[1860 shares at cost.

AUTHORIZED-15,000 shares; outstanding, 14,-

120 shar	es; in	treasury, (	80 shar	es; par \$1	00.
		PAID—(St			
1914-15	NII	1916	\$2.50	1917	\$5.50
1918	\$9.00	1919	7.00	1920	14.00
1921-22	6.00	1923-24	8.00	1925	5.00
1926-27	NII	1928	5.00	1929	8.00
1930	2.50	1931-35	Nil	1938	3.00
1937	3.00	1938-41	Nii	1942	3.00
1943	4.00	Midda	2 00		

1943... 4.00 [[]1944... 2.00 []To Mar. 1. TRANSFER AGENT—Stock transferred at company's office.

DRESSER MANUFACTURING CO.

History: Incorporated under the laws of Pennsylvania, Dec. 31, 1938, as a consolidation of S. R. Dresser Mig. Co. (incorporated in 1905 as successor to a business founded in 1830) and its wholly-owned subsidiary, Clark Bros. Co. (N. Y.; incorporated, 1903). Also Clark Bros. Co., Inc., a new wholly-owned subsidiary, emerged from the consolidation.

Business: Company produces a complete line of coupling, repair clamps, sleeves, fittings and other accessories for construction, maintenance and operation of gas, water and oil pipe lines of all sizes; also manufactures parts for combat tanks, amphibian tractors, vehicles, aircraft, ships, submarines, land mines, gun turrets, shells, bombs, life-saving nets.

Preperties: Owns and operates a plant at Bradford. Pa., occupying over seven acres of land having a total floor area of about 190,000 sq. ft.

Sales and distributing offices are located in

said having a total hoof after of about 190,000, ft.
Sales and distributing offices are located in many leading cities in United States and Candada, and in foreign cities.
Subsidiaries: As of Dec. 31, 1943, the company owned 100% voting control of the following:
The Bryant Heater Co., Cleveland, O. (acquired July 1, 1933), manufactures assemblies

and parts for amphibian landing vehicles, combat tanks, Army trucks, aircraft, anti-aircraft gun mounts, ship Diesel engines, diving masks; and heating equipment for military posts, etc. Clark Bros. Co., Inc., Olean, N. Y. (acquired in July, 1937), manufactures marine Diesel engines for tankers, landing barges and other small type ships; Diesel-engine-driven units for generating electricity; and gas and steam-driven engines and compressors for productions of aviation gasoline, synthetic rubber, explosives and chemical products.

Pacific Pump Works, Huntington, Calif. (acquired in Oct., 1940), manufactures hydraulic-sctuating assemblies for operating various mechanisms on airplanes; and centrifugal pumps for refinery use, as well as many of special design for production of aviation gasoline, and for synthetic rubber and petro-chemical products.

Bovaird & Seyfang Manufacturing Co., Bradford, Pa. (acquired in Dec., 1941), manufactures parts for engines and compressors in collaboration with Clark Division; diesel engines for electric generation; and engines, pumping jacks, storage tanks and supplies for oil and gas fields.

Dresser Manufacturing Co., Ltd., Toronto, Canada (incorporated in 1931).

Affiliate: Van der Horst Corp. of America, Olean, N. Y. and Cleveland, O. (50% owned since Aug., 1940), porous-chrome cylinder lining for heavy marine diesel engines used in submarines and destroyers; for Clark's engines and for aircraft engines.

Officers: H. N. Mallon, Pres.; J. B. O'Connor, Exec. Vice-Pres.; A. R. Weis, L. C. Harvey, Asst. Sec.

Directors: H. N. Mallon, C. P. Clark, Bradford, Pa.; W. V. Griffin, G. L. Ohrstrom, P. S. Bush, New York, N. Y.; W. A. McAfee, L. C. Harvey, Cleveland, O.; J. B. O'Connor, Olean, N. Y.; A. R. Weis, Huntington Park, Calif.; Norman Chandier, Los Angeles, Calif.; Annual Meeting: Third Monday in March. Number of Etockholders: Oct. 31, 1943, 1,937.

Annual Meeting: Third Monday in March.
Number of Stockholders: Oct. 31, 1943, 1,937.
Number of Employees: Oct. 31, 1943, 3,707.
General Office: 41 Fisher Ave., Bradford, Pa.
Unfilled Orders: Jan. 1, 1944, \$39,000,000; Oct.
31, 1943, \$36,500,000.

ani magai andiangiana.		
Consolidated Income	A SCOUNT	years ended
Oct. 31:	1943	(4)1942
Net sales	\$62,499,030	\$28,796,687
Co-4 80163		
Cost of sales	48,975.018	21,710.339
Selling, etc., exp	3.299.167	2,352,031
Operating profit	10,224,845	4.734.317
Other income	56,779	48.080
Other meonie		
Total income	10,281,624	4,782.397
Interest	304.834	105.517
Other deductions.	5,281	5.944
Income taxes	600.000	720,000
Excess profit tax.	7,470,000	<b>2,239.00</b> 0
Post-war tax reid.	er 204,000	CT 39,000
Debt retire, cred	CT 543.000	
Can. & st. inc. tax	50,000	32,400
	47.366	
Adj. pr. yrs., net.		CT 9,951
Renegot. prov	700,000	
Net income	1.851.143	21.728.517
Dividends	586.250	418.750
Surplus for period	1.264.893	1.309.767
Prev. earn. surp	4,339,494	3.080.478
Contingency res		CT 100.000
Deprec. adj.		150.751
Renegot. ref. net.	125.814	
Earn. surp., 10-31-	8.478.573	4.339.494
Earned per share.	\$5.53	[2]\$5.16
No. of shares	335,000	335.000
	and amor	lization: 1943.
P704 014, 1040 PE98 69F		

Mafter depreciation and amortization: 1943, \$724.214: 1942, \$528.635.

MRevised net profit after \$125.814 net renegotiation refund for year ended Oct. 31, 1942 was \$1.602.702 equal to \$4.78 per share.

Metafter adjustment of taxes applicable to year 1942.

Mincludes Bovaird & Seyiang Manufacturing Co. since Jan. 1, 1942.

Notes: (a) Company has made provision for possible renegotiation of contracts for year ended Oct. 31, 1943.

(b) Total taxes for 1943, \$8,170.940.

Sales and Earnings:

maies and	warnings: Net	Net	Earn.
Year	Sales	Income	on Com.
11941	\$11,777,300	\$1,010,615	\$3.01
1940	11,833,753	1,196.683	3.57
1939	6.912.362	765,612	2.53
1938	5,802,771	53,212	0.18
<u>□1937</u>	6.262,090	394.505	1.32
	operations		
	., from July	7 1, 1937, CA	te or sc-
quisition.			

quisition.	4 91 1041	
2010 months to Oc Consolidated Balan	ice Sheet, as (	of Oct. 31:
Assets:	1943	1942
Cash	\$8,420,253	\$5,221,129
U. S. tax notes	401,834	
Receivables, net _	4.668.380	5.034.611
War contr. claim	356,573	
Dinventories	6,721,377	8.505,434
Total current.	\$20,568,417	\$18,761,174
Plant & equip.	7.595.117	7.432.564
Depreciation	4.277.280	3.987.090
Net property	3,317,837	3.445,475
Transport mile deadly		
Emerg plt. facil.	1,475,490	1,153,140
Amortization	481,444	145.317
Net emerg. facil.	994,046	1,007,823

10.000

67.108

Due fr. distrib.

Assets (cont d)  [Investments; net Post-war tax reid. Misc. receiv., etc	61.339 239.162 70.105	49.849 39.068 33.369
Deferred charges. Total	207,274 \$25,468,181	244,478 \$23,646,34
Liabilities: Notes payable Accts. pay., etc	\$8.650.000 3.118.298	\$6.150,000 2.971,411
Adv. contracts War contr. liab Accruais	235.981 930.824	1,115,720
Tincome taxes	2,400,245	2,834,395
Total current. Notes pay, bks ig Capital stock	\$15,335,348 480,000 3,350,000	\$13,754,590 1,350,000 3,350,000
Capital surplus Earned surplus	854,260 5,478,573	854.260 4,339,494
Total Net curr. assets	\$25,468,181 \$5,233,069	\$23,648,345 \$5,006,584
illAtter deducting	U, S. tax	notes: 1943,

Net curr. assets... \$5.233,069 \$5.006,584 iilAtter deducting U. S. tax notes: 1943, \$5175,501; 1942; \$160,000. E335,000 no par shares. EJAt lower of cost or market; after advance contract payments: 1943, \$762,143; 1942, \$1,-375,318. Iglincludes subsidiary not consolidated (50.2% owned) carried at net amount of \$15,-000, which was less than equity. Accounts certified by Ernst & Ernst. Funcest Deet: ... Dresser manuscutering Ce., netes payable, due serially te 1944, incl.i. OUTSTANDING—Jan. 1, 1944, \$300,000. DATELD—Jan. 3, 1942. MATURITY—\$150,000 each Dec. 31. INTEREST—June 30 and Dec. 31, 2.25% and 2.50%, respectively, for remaining installments due 1945-68. CALLABLE—Any maturity is callable as a whole at any time on 30 days' notice at 100, plus 1,5% for each unexpired year or part thereof in case funds represent proceeds from sale of capital stock and plus 1,6% for each such period in case funds represent proceeds of sale of selic of

reduce stated capital or consolidated paid-in surplus below \$3,550,000 and \$181,319, respectively.
PURPOSE—Issued to repay a \$750,000 loan to Brown Bros. Harriman & Co. and for additional working capital.
OFFERED—\$100,000 sold in March, 1942 to Brown Bros. Harriman & Co., New York and \$750,000 to Mutual Lite Insurance Co. of New York.

2 V Lears: On May 25, 1942, Bryant Heater Co., a wholly-owned subsidiary, negotiated a \$6,000,000 regulation V loan credit agreement, maturing Jan. 1, 1945, which is \$0% guaranteed by the Government. On April 30, 1943 the loan was augmented by a further \$3,000,000 line of credit which was never utilized, and was cancelled as of Sept. 30, 1943. At Oct. 31, 1943, company borrowed \$6,000,000, of which \$1,000,000 was repaid before close of 1943 fiscal year, leaving balance of \$5,000,000.
On May 8, 1943, Clark Broz. Co., Inc., a wholly-owned subsidiary, obtained a \$5,500,000 regulation V loan, maturing June 30, 1945. As of Nov. 12, 1943, borrowings under the loan agreemented amounted to \$5,500,000.
The credit agreements provide under certain conditions for reduction in the loans prior to indicated maturity dates. Agreements also provide for (1) the assignment to banks of all amounts due or becoming due to the subsidiaries under any approved contracts in effect during the terms of the respective loans, and (2) liens against any balances in special bank accounts provided under the agreements. In addition, the subsidiaries, without consent of bank, are not permitted to pay any dividends except to extent of net profits accruing after date of respective bank agreements.

Capital Stock: L Bresser Manusacturing Co. commen; ne par:

AUTHORIZED—350,000 shares; outstanding, 255,000 shares; in treasury 150,000 shares; coutstanding.

common; no par; AUTHORIZED—350,000 shares; outstanding, 335,000 shares; in treasury, 15,000 shares; no

335,000 shares; in treasury, 15,000 shares; no par.
ISSUED—(350,000 shares) in Dec., 1933, to holders of S. R. Dresser Mfg. Co. class A convertible and class B stock and Clark Bros. Co. common on basis of two shares for each old class B share of S. R. Dresser Mfg. stock and five shares for each old common share of Clark Bros. Co. stock. 50,000 of these shares were held in the treasury, and in Oct., 1940, 35,000 treasury shares were exchanged for entire common stock of Pacific Pump Works.

DIVIDEND RESTI	UCTI	ONS-	See 1	Total 1
DIVIDENDS—1939 1942, \$1.50; 1943, \$2; TRANSFER AGEN & Trust Co., New		em r.m	240	
& Trust Co., New REGISTRAR—City New York. LISTED—On New	Ban	k Far	mers	Trust
PRICE RANGE— High Low	10/2	1010	1961	19400 30 1434
New common.	TD	/3	-478	14%

EGRY REGISTER CO.

History: Incorporated in Ohio May 22
as successor to company of same name
porated in 1893 as Egry Autographic at Co.: name changed to present title in 1807.

Business: Manufactures Egry Autographic
form stationery for registers, typewriters
form stationery for registers, typewriters
billing machines in rolls, packs and folds.

Sales agencies are maintained in prince
cities of the United States and representation
is maintained in all important countries
dependencies.

dependencies.

Preperty: Main piant located in Dayton of has a floor space of approximately 20,000 ft. Company also operates plant in Canada and printing connections in Cubs. Argentin Mexico, Colombia, Brazil, Venezuela as Peru.

Peru.
Subsidiary: Egry Continuous Forms, Ltd. et
Canada (100% owned).
Officers: M. C. Stern. Pres.; Lawrence Raude
Exec. Vice-Pres.; L. G. Ihrig, Sec. and Tres.
Estabrook, Finn & McKee, Gen. Counsel, Day

Estabrook, Filli et succession, Lawrence Rank ton, O.
Directors: M. C. Stern, Lawrence Rank Frank Hufiman, Jr., L. G. Ihrig, Dayton, O.; C.
S. Rauh, Indianapolis, Ind.
Annual Meeting: Third Tuesday in Jan.
Number of Steckholders: Dec. 31, 1942; Pre-ferred, 246; common, 204.
Number of Employees: Dec. 31, 1943, about

General Office: Dayton, O. Income Account: For latest published (1998), see Moody's 1941 Industrial Manual.

Salance Sheet, as	of Dec. 31:	_
Assets:	1943	1942
Current assets	\$1,013,086	\$921.00
Deferred charges.	13.834	16.24
DPlant & equip	692.237	727.330
Patents, etc.	39.247	39.347
Misc. receiv.	9.598	14.322
Investments	40,000	40,000
Total	\$1,808,002	\$1,759,216
Liabilities: Current liabil.	\$257,114	\$250,347
Misc. liabilities	26.933	24.981
Capital surplus	256,381	256.381
Earned surplus	298.414	282,447
816% pfd. (\$100)	700.000	700,000
DCommon stock	239.160	245,160

\$1,808,002 Total

Total \$1,808.002 \$1,759.16

Net current assets \$725,972 \$510,722

[]After depreciation.

E27,000 no par shares.
Capital Stock: 1. Egry Register Co. 5/45

cumulative preferred; per 3190:

AUTHORIZED—7,000 shares; outstanding, 7,600

preference—Has preference as to make and accumulated dividends.

LIQUIDATION RIGHTS—In liquidation entitled to par and dividends.

CALLABLE—At any time on 30 days as a whole or in part, at 103 to Jan. 1, 1944, and thereafter at 102.

VOTING RIGHTS—None except in the event that four consecutive preferred dividends are unpaid.

unpaid.
DIVIDENDS PAID—Initial dividend of \$1.37%
paid Dec. 20, 1936. Regular dividends paid quarterly Mar. 20 etc. to stock of record about Mar. 10, etc.
PURPOSE—Issued to holders of formerly confidence of the confidence of the

PURPOSE — Issued to holders of formerly outstanding class A stock in Nov., 1935, on a basis of one new share preferred and one new share of common for each three shares of class

2. Egry Register Co. common; no part UTHORIZED — 27,000 shares; outstanding AUTHORIZED - ZI,000 21,000 27,000 shares; no par VOTING RIGHTS - Exclusive voting rights VOTING RIGHTS Exclusive volume with restrictions.

PURPOSE—Issued in Nov., 1936, to holders of old class A and B common, the class B shares were exchanged on a share for share basis for present new common stock. For class A exchange basis, see preferred stock description

above.
DIVIDENDS PAID—Dec. 20, 1936 (initial), \$11
1937, \$1: 1938, nil: 1939, 10 cents; 1940, 15 cents;
1941, 20 cents; 1942 and 1943, 25 cents.
Transfer Agent and Registrari Winters Netional Bank & Trust Co., Dayton, Ohio.

ELECTRICAL PRODUCTS CORP. History: Incorporated in California Nov. 7.

1912. In 1925 all of company's stock was acquired by Claude Neon Electrical Products. Inc., an Arizona Corporation which was subsequently dissolved. Claude Neon Electrical Products Corp., Ltd., was incorporated in Delaware in 1929, at which time it became the owner of all the stock of Electrical Products Corp. and the then existing stockholders of the

# MOODY'S MANUAL OF INVESTMENTS

AMERICAN AND FOREIGN

## INDUSTRIAL SECURITIES

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1946

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65 BROADWAY, NEW YORK 6, N. Y.

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18 to	•	
	-	(00 D)
	D	<b>HOODY</b>
- chasts		
c Balance Sheet:	Dec. 29,'45 \$244.777	Dec. 31,'44
Cash	\$244.777 75.660	\$216.969 59.085
Acets. receivable.	809.085	626,910
	\$1,129.522	\$902.964
Total	2.752.589	2.793.192
	714,121 2,038,468	2.793.192 722.197 2,070.994
Net property	203,808	1,212
	90 977	20.450
Prepayments	29,873	30,450
. Total	<b>\$</b> 3.236.67 <b>4</b>	\$3,005,620
Liabilities:	\$100,000	\$100,000
Notes payable Accounts payable	279.682	161,288 27,867
	20,358	27,867
Income tax Mige, instal, due.	50.000	50,000
	\$450.040	\$339.155
Total current Conting. reserve	100.000 808,333	100,000 858,333
Mortgages pay.	808.333	858.333 768.725
ECommon stock -	761.183 166.212	166,214
Surplus	950,906	773.193
	\$3,236,674	\$3,005,620
Net curr. assets []166.220 no par sh	\$679,483	\$563,809
	iares. U. S. tax notes	: 1945, \$180,-
ann: 1944, SI50,000.		
Dincludes cash va		
Capital Stock: L. E	S25:	. 4% came.
lative preferred; par AUTHCRIZED-31.23	0 shares: 0	outstanding.
30,447 shares: par \$25 PREFERENCE—Has	Dreference a	s to assets
and cumulative divid	lends of 6% pe	er annum.
titled to par and di	nis—in liqui ridends	canon, en-
CALLABLE-Callabl	e as a whole	or in part
et any time on 30 da	ys' notice at p	er. er share.
PREEMPTIVE RIGH	TS-None pro	vided.
paid Dec. 16. 1940:	Mar. 15. 1941.	37% cents
callable—Callabl at any time on 30 da yoTING RIGHTS—I PREEMPTIVE RIGH DIVIDENDS—Initial paid Dec. 16, 1940; and quarterly there PURPOSE—Issued in	after.	
and quarterly incre purpose—issued p ganization, as amen Holders of former share of preferred as each share held and	ded, dated A	en or reor- or, 1, 1939.
Holders of former	berrelered %8	received l
each share held and	na i snare of ( holders of for	common for mer class A
TACCIACT TATA SURFE O	r breserrén en	d 1/10 share
of common for each	share held.	Bart
2 Denahoe's, Inc. AUTHORIZED-200.0	00 shares; (	utstanding.
166.220 shares; no pa	r.	

PURPOSE—issued pursuant to plan of reorganization, as amended, to holders of former common on basis of 7½ shares for each old share held. DIVIDENDS—None paid.
Transfer and Dividend Disbursing Agent:
First National Bank, Pittsburgh.
Registrar: Peoples-Pittsburgh Trust Co..
Pittsburgh.

DOUGLAS (W. L.) SHOE CO.

DOUGLAS (W. L.) SHOE CO.

History: Incorporated Dec. 17, 1914, in Massachusetts to succeed a Maine corporation incorporated Sept. 12, 1902, which was successor to a Massachusetts corporation formed to acquire the business originally established in 1876 by W. L. Douglas.

Business: Manufactures and sells (wholessle and retail) shoes for men and children, Manufacture of womens' shoes was discontinued in July, 1839.

At Dec. 31, 1945, company operated about £5 shoe stores in various cities of the country. In addition company desir with about 6,000 retailers throughout the United States.

Property: Owns factories at Brockton, Mass., with floor space of about 250,000 sq. ft. and annual production capacity of about 1,500,000 pairs of shoes.

Officers: J. W. Bartlett, Pres.: Charles Ault, Vice-Pres. and Gen. Mgr.; L. B. Russell, Treas.; R. W. Laird, Clerk.

Directors: J. W. Bartlett, L. B. Russell, P. C. Wolfer, Charles Ault, J. F. Spence, A. F. Doyle, Cyrus Monroe, C. W. Bartlett.

Annual Meeting: Third Thursday in Feb. Number of Stockholders: Dec. 31, 1944: Prior preferred, 1,763: 7% preferred, 85; common. 1.575.

Number of Employees: About 850 (exclusive of store personnel).

Number of Employees: About 850 (exclusive of store personnel).

General Office: 173 Spark St., Brockton 15,

income Account.	years ended Dec	. 31:
	1945	1944
Net sales Gross profit	<b>\$</b> 8.499.294	\$7.877.473
Gross profit	2,211,436	1.836.144
	1.828.428	1,681.354
	383,008	154.290
	88.436	103,496
	471.445	257.786
	199,255	100.826
	272.191	156.960
	163.119	108.665
Surplus for year.	109.072	48.295
arn. surp., 1-1	206.261	157.965
Earn. surp., 12-31	315,333	206,261
arn. pr. pfd. sh	\$2.51	\$1.45
Earn., pr. pfd. sh Earn., pfd. share.	195.88	56.03
TEarn. com. sh.	1.50	0.48
NO. DE MIN		

No. of pid. shares	. 835	862
No. of com. shares	87,818	87,764
Disregarding prefe	ILEG TLIEBLE	
. No excess profits t	ax payable.	
Notes: (a) Company	is subject to	renegotia.
tion of war contracts	or 1945, but t	eneves bo
reserve necessary.	******	
(b) Net profit (after	r taxes) for	e mos. to
Dec. 31, 1945 amounted 574).	7 50 \$147'42T (	TRAS' STIN'-
Sales and Earnings:		
Net	Net	@Earn.
Year Sales		on Com.
1943 Not stated		\$2.22
1942 Not stated		4.27
1941 Not stated		2.79
1940 Not stated	£ 201.253	
1939 \$5.157.62	d 514.838	
1938 5.504.603	d 180,564	
	rred arrears.	
Disregarding prefe	Dec. 31:	
Assets:	1945	1946
Cash	\$953.334	\$576.471
necelvables, net	197,616	330.316
Inventories	1,487,282	1.572.483
U. S. Govt. secur.	912,316	611,933
Total current	\$3,550.548	\$3.091.196
Ld., bidgs., etc	1.494.844	Not stated
Depreciation	1.181.998	*******
Net prop., etc	312,846	341,371
Goodwill	90 180	20 700
Prepaid expense.	32,158	39,792
Total	\$3.895.553	\$3,472,360
Liabilities:	40,020,000	40.214,000
	\$640.491	\$518.054
Accts. pay., etc Pr. pfd. divs. pay.	54.314	3010,004
Accrd. tax etc.	232.563	395.193
		27701-70
Total current	5927,368	3613.247
TPrior ofd, stock	2.172.540	2,170,920
TPrior pfd. stock To pfd. stk. (\$100)	2,172.540 83.500	86.200
:: Common stock .	37.518	87.764
Peid-in surplus	303.994	307.968
Earned surplus	315,033	205,261
<b>m</b> 1	222 222 22	60 100 500
Total	\$3.895.553	\$3.472.360
Net current assets	\$2,523,180	\$2,477,949
TAL IUVEL OF COSE	or market. 1 ion cor. ios.	100 KAP
TAt lower of cost of No par shares: 194	S 87 918 104	. 100.340. L 87 764

convertible and accumulated dividends
CONVERTIBLE—At any time, share for share, into common stock (No. 3 below). Conversion privilege protected against dilution.
CALLABLE—As a whole or in part at any time on first day of any month on 30 days' notice at 325 per share plus accumulated unpaid dividends (as provided).
VOTING RIGHTS—Has one vote per share in event 4 semi-annual dividends are in default or, in any event, whenever holders of 7% preferred (No. 2) shall have right to vote. Such voting power shall be exclusive and both classes of preferred shall vote as one class until default is cured. Certain changes may not be effected without consent of two-thirds of this issue outstanding.
PREEMPTIVE RIGHTS—None.
PURPOSE—Issued in Feb., 1938 to holders of 7% cumulative preferred (No. 2) on besis of 3 shares convertible prior preferred and 2 shares of common for each old share pursuant to recapitalization plan (see Moody's 1938 Industrial Manual).
DIVIDENDS PAID—1938, 20 cents; 1939 to 1942.

PREFERENCES—Has second preserved as wassets and dividends
LIQUIDATION RIGHTS—In any liquidation
or dissolution entitled to 105 and dividends.
CALLABLE—On any dividend date on 30 days'

notice at 105. VOTING RIGHTS -None, except on default of four quarterly dividends or default of sink-ing fund for six months in either case, pre-ferred shall have exclusive voting (formerly exclusive) rights until default is corrected. See Voting Rights and Purpose of convertible

of preferred required (a) to sell, lease, exchange or consolidate all or majority of property or business; (b) to create any mortgage or lien (excepting purchase money mortgages) to extent of 75% of property acquired, or any debt maturing later than one year; (c) to create any stock having priority over or on a parity with present preferred; (d) to increase authorized preferred.

SINICING FUND—5% of annual net profits (after taxes, charges and dividends) to purchase or call 7% preference shares at not over 105.

chase or call 7% preference shares at not over 105.

DIVIDENDS—Regular dividends paid quarterly, Jan. 1, etc., to Jan. 2, 1931, incl.; none thereafter to Nov. 10, 1931, when 124% was paid; none thereafter.

Arrears, Dec. 31, 1945, \$103.25 per share.

PURPOSE—Issued in June. 1925 for non-cumulative voting preferred, share for share.

EXCHANGE OFFEP—See Purpose, under convertible prior preferred (No. 1) above.

3. W. L. Deuglas Shae Cs. common; no part AUTHORIZED—300,000 shares (increased from 45.000 shares in Jan., 1938 pursunnt to plan of recapitalization: see Mondy's 1938 Industrial Manual); reserved for conversion of prior convertible stock, 112.500 shares; issued, 87.818 shares; no par (changed from \$100 par in Oct., 1931, share for share).

VOTING RIGHTS—Has exclusive voting rights subject to rights of preferred stocks (Nos. 1 and 2, above).

(Nos. 1 and 2, above).
DIVIDEND RESTRICTIONS—Dividends payable only out of consolidated net earnings (as defined) since Feb. 1, 1938, unless paid in com-

mon stock.
DIVIDENDS PAID—No dividends paid.
Transfer Agent and Registrar: Home Natronsl Bank, Brockton, Mass. DRESSER INDUSTRIES,

DRESSER INDUSTRIES, INC.
History: Incorporated under the laws of
Pennsylvania, Dec. 31. 1938, as Dresser Manufacturing Co., as result of a consolidation of
S. R. Dresser Mfg. Co. (incorporated in 1906
as successor to a business founded in 1980
and its wholly-owned subsidiary, Clark Bros.
Co. (N. Y.; incorporated, 1903). Also Clark
Bros. Co., Inc., a new wholly-owned subsidiary,
emerged from the consolidation. Name
changed to Dresser Industries, Inc., Oct. 23,
1944.

Net current assets \$2,523,130 \$2,471,360 Co. Inc. a new wholly-owned subsidiary. The lower of cost or market. \$2,523,130 \$2,471,360 Forc. Co., Inc. a new wholly-owned subsidiary. The lower of cost or market. \$2,521,130 \$2,471,364 Forc. Co., Inc. a new wholly-owned subsidiary. The lower of cost or market. \$2,521,130 \$2,471,364 Forc. Co., Inc. a new wholly-owned subsidiary. The lower of cost of market. \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,521,130 \$2,

Inc.
On Nov. 1, 1945 acquired 100% ownership of Security Engineering Co. by exchange of 35,078 shares of Dresser common (par 50 cents) for the 61,385 shares of Security Engineering

Business: Dresser Industries, Inc. is an affiliation of member companies, joined to-gether by a common ownership, with kindred interests, coordinated products and related markets operating chieffy in the all Parent company manufactures, through Dresser Manufacturing Division, a complete line of pipe couplings, fittings and repair clamps and sleeves for construction and maintenance of pipeline systems of gas utilities, oil companies, waterworks and other plants. Also these and other products for mines, quarries, railroads, machinery builders, shipbuilding and industrial use.

Preperties: As of Dec. 31, 1945, principal plants of company and its subsidiaries were as follows:

Dresser Plant—Situeted and Situeted an

follows:
Dresser Plant—Situated on 13.5 acres of land, owned in fee by company, at Bradford, Pa.; floor space. 200,000 sq. ft.
Bryant Plants—Situated on 10 acre tract of land at Cleveland, O.; floor space. 105,000 sq. ft. New plant at Tyler, Tex. was to be in operation May 1, 1946.
Clark Plant—Situated on 15 acres of land owned in fee at Olean, N. Y.; floor space, 217,000 sq. ft.

Clark Plant—Situated on 15 acres of land owned in fee at Olean, N. Y.; floor space, 217,000 sq. ft.

Pacific Plant—Situated on 5.5 acre tract of land owned in fee at Huntington Park, Cal.; floor space 30,000 sq. ft. Mid-Continent division plant is located at Tulsa, Okia.

Bovaird & Seyfang Plant—Situated on 4.9 (3.5 acres owned in fee and 1.4 acres leased) acre tract of land at Bradford, Pa.; floor space, 140,000 sq. ft.

International Derrick Plants—Located at Columbus and Marietta, O.; Beaumont, Tex.; and Torrance, Cal. Total floor space 502,000 sq. ft. on 32½ acres of owned and leased land. Roots-Connersville Plant—Situated on 13.5 acre tract of land owned in fee at Connersville, Ind.; floor space, 187,000 sq. ft.

Stacey Bros. Plant—Situated on 8.1 acres of land (5.5 acres owned in fee and 2.6 acres leased by Stacey Bros. Gas Construction Corp., Ohio, a member operating company) at Cincinnati, Ohio; floor space 80,000 sq. ft.

Van der Horst Planta—Three plants at Olean, N. Y. and Cleveland, O.; floor space, 124,800 sq. ft.

Kobe Plant—Situated on 8.4 acre tract of land of the state of the

sq. ft.

Kobe Plant—Situated on 6.4 acre tract of land, owned in fee, at Huntington Park. Cal.; floor space, \$1.000 sq. ft. and Sevall plant located in Oklahoma City, Okla., occupies about 20,000 sq. ft. of leased space.

Payne Plants—Principal plant at Beverly Hills, Cal.; contains 110,000 sq. ft. of factory space on a 4.6 acre tract, owned in fee. Owns additional property in Beverly Hills, Cal., and Santa Ana, Cal. Small branch plants at Long Beach, Pasadena and Santa Ana, all in California.

Beach, Pasadena and Santa Ana, all in California.

Day & Night Mfg. Plant—Located on 9.7 acres owned in fee at Monrovia. Cal.; floor space. 117,000 sq. ft. Additional 15,000 sq. ft. used for storage space.

Day & Night Flare Plants—Plant at Azusa, Cal., situated on 40 acre tract of land and owned by Day & Night Flare Corp., subsidiary of Day & Night Mfg. Co.; plant at San Bernardino, Cal. and equipment used therein owned by U. S. Chemical Warfare Service.

Security Engineering Plant—Located at Whittier, Cal., situated on 3 acre tract with 46,500 sq. ft. of floor space.

Subsidiaries: As of Dec. 31, 1945, company

Subsidiaries: As of Dec. 31, 1945, company held 100% voting control in following subsidiaries:

Botaires:

Bovaird & Seyfang Manufacturing Co. (Pa.):
Founded 1891. Manufactures pumping engines, jacks. "Powers", storage tanks and other miscellaneous gas- and oil-field products and supplies: plus a line of allied accessories and equipment.

equipment.

The Bryant Hester Co. (Ohlo): Founded 1908; incorporated in Ohio, June 20, 1933. Manufactures gas-fired bollers, winter air conditioners, furnaces, unit heaters, space heaters, water heaters, conversion burners for residential, commercial and industrial heating. Silica Gel De-humidifiers for control of humidity in industrial precision work and for comfort air-conditioning systems.

Clark Bros. Co., Inc. (N. Y.): Founded 1880.

Clark Bros. Co., Inc. (N. Y.): Founded 1880. Manufactures gas, steam and diesel-driven engines and compressors of large size (200 to 6,000 BHP) supplied principally to oil and natural gas industries. Also marine and stationary diesel engines; and slush pumps used in rotary oilwell drilling as well as small oilwell pumping engines and similar equipment.

in rotary oilwell drilling as well as small oilwell pumping engines and similar equipment.

Day & Night Manufacturing Co. (Cal.):
Founded 1909: incorporated in 1923 as Day &
Night Water Heating Co.; present title adopted
in 1940. Manufactures water heaters, water
coolers, custom work, galvanized products and
space heaters.

On Dec. 31. 1943. Day & Night Flare Corp.
was organized, as a wholly-owned subsidiary
of Day & Night Mig. Co., to manufacture
flares and photo flash bombs for U. S. Army.

Dresser Manufacturing Co., Ltd. (Ontario,
Can.): Organized Sept. 24, 1931 to sell parent
company's products in Canada.

International Derrick & Equipment Co.
(Ohio): Founded 1920. Manufactures oilwell
pumping units, derricks and drilling units;
also prefabricated steel buildings—hangars,
garages, etc.; aviation communications and
electric power line equipment such as towers,
sub-station structures.

Kebe. Inc. (Cal.): Founded in 1923. Manufactures perforated or slotted pipe, prepacked
gravel liners, precision gauges, and hydraulic
pumps and hydraulic pumping systems.

Pacific Pumpa, inc. (Cal.): Founded 1923
Manufactures centrifugal pumps (large horizontal types) for refineries and oil lines including hot-oil charging pumps; high pressure boiler-feed pumps for electric-generating plants; general service pumps for petroleum and other industries; deep-well plunger pumps for oil wells: deep-well turbine pumps (water) for municipalities, industrial use, and irrigation projects.

Owns entire outstanding capital stock of Pacific Pumps, Inc.-Mid-Continent Division.
Payne Furnace Co. (Cal.): Founded 1915; incorporated in California in Jan., 1945. Engaged in manufacture and sale of gas heating equipment for residential, commercial and industrial uses.

Roots-Cennersville Biower Cerp. (Cal.): Founded 1854. Manufactures blowers, exhausters, boosters and compressors for movement of air and gases in steel, gas, chemical and other industries; also air and liquid pumps, meters.

and other ind pumps, meters.

Security Engineering Co., inc. (Cal.): In-corporated Jan. 25, 1837. Manufactures oil and well reamers, liners, drilling bits and fittings. Also a patented drillable alloy "Securaloy".

Also a patented drillable alloy "Securaloy".

Stacey Bros. Gas Construction Co. (Qhio):
Founded 1915. Produces dry and wet seal gas
holders for municipalities and utilities, fabricated vessels of all types for food, chemical
and general industrial use; also Stacy-Dresser
Engineering division designs and builds propane air and butane air plants, liquifaction
and liquefied gas storage plants.

Affiliate: Van der Horst Corp. of America (Del.), 50%-owned affiliate, is engaged in application of porous-chrome cylinder lining directly to cylinder walls, piston rings, gun barrels and crank shafts by "Porous-Krome"

Officers; H. N. Mallon, Pres.; J. B. O'Connor, Exec. Vice-Pres.; A. R. Weis, L. C. Harvey, C. P. Clark, Vice-Pres.; R. E. Reimer, Sec. and Treas.; A. F. Witthinrich, Asst. Sec. and Asst. Treas.; J. F. Simpson, L. P. Shipley, Asst. Sec.

Asst. Sec.

Birecters: W. V. Griffin, G. L. Ohrstrom, P. S. Bush, New York, N. Y.; W. A. McAfee, L. C. Harvey, H. N. Mallon, J. B. O'Connor, Cleveland, O.; C. P. Clark, Olean, N. Y.; A. R. Weis, Huntington Park, Calif.; Norman Chandler, Los Angeles, Calif.; O. M. Havekotte, Columbus, O. Annusi Meeting: Third Monday in March. Number of Stockholders: Dec. 31, 1945: Preferred. 543: common. 4.370.

Number of Employees: Dec. 31, 1945, 6.547.
General Office: 1130 Terminal Tower, Cleveland 13. Ohio.

Unfilled Orders: Dec. 31, 1945, \$25,500,000: Oct. 31, 1944, \$25,000,000.

Consolidated Oct. 31:	income .	Account,	
Net sales	•	80.544,911	1944 854.995.408
Cost of sales		63.689.275	41.908.286
Selling, etc., ex		8,102,727	3.948.445
DOperating pro		8.752.909	8.138.677
Other income		173.877	64.293
Total income .		8.926,786	9.202.970
.Interest		366,200	385.572
Other deduction		19.384	8.437
Fed. income tax		729,000	560.000
Excess profits		5,645,000	5,777.000
Can. & st. inc. i		41.250	53.000
Inc. tex adj., i		CT 143.676	cr 37.398
Renegot, prov.		300.000	<b>200,000</b>
Subsid, prd. di		48,000	
Net income		1,921,628	<b>3</b> 1,656.359
Com. dividend		1,407.053	670,000
Surplus for yea		514.575	986.359
Prev. earn, sur	21.4	6,485.339	8.478.573
Accel. amort., : Pid. stk. expe		73.541 40.919	******
Credit		21.250	20,497
Pr. yr. reneg.,		E 230.558	
Earn, surpl., 10		6.676.146	6,485,389
Earn., pfd. sha		\$32.03	
Earn., com. sh		1.80	<b>(1)34.73</b>
No. of pid. sha		60.000	
No of com she		1.060.059	350,000
MAfter dente			Ivation : 1945

\$4.50.

ERefundable portion of prior years Federal income taxes resulting from loss carry-back; included in net income below.

[SApplicable to 1944, \$36.317; 1943, \$194.241.
Note: Company has made provision for renegotiation of contracts for 1945 fiscal year.

Consolidated Sales and Earnings: Earn. on Com. \$5.53 115.16 3.01 3.57 Net Sales Income TYEAT \$62.499.030 28.796.687 11.777.300 11.833.753 \$1.851.143 11.728.517 1943 1942 1941 1940

	Net	Net	Earn.
TYear .	Sales	Income	on Con
1939	5.912.362	765.612	2.55
1938	5.802,771	53.212	0.18
<b>11938-40.</b>	years ended	Dec. 31:	1941. te
months to C	ct. 31; 1942 ar	nd 1943 yes	ers ende

months to Oct. 31: 1942 and 1943 years ended Oct. 31. Ellinchudes operations of Bovaird & Seylang Manutacturing Co. since Jam. 1, 1942. BJAfter rengotistion, revised net profit was \$1.602.702 count to \$4.78 per share.

\$1,602,702 equal to \$4.	78 per share.	
Conscillated Balan		
Assets:	1945	1944
Cosh	\$8.474.254	\$8.805.774
U. S. tax notes Receivables, net	1.170.361 6.585.019	231.150
Post-war tax ref.	\$40.91 <b>9</b>	4.992,147
War contr. claim.	4.916.733	
Inventories	12.744.668	881,122 8,633,812
(D) D. 1 C. 1	22.144.000	0.000,040
Total current.	\$34.431.945	\$23.544.006
Plant & equip	15.238.348	7.815.659
Depreciation	7.927.017	4.603.164
_ Net property	7.311.331	3,212,495
Emerg. plt. facil	2.440.762	1.682.229
Amortization	2,440,782	762.928
Net emerg. facil.		919,301
Patents	100 100	
Affil. etc. cos. inv.	108,325	105.000
Post-war tax reid. Tax claim	575.046	502,464
Misc. receiv., etc.	235.858	113,777
Deferred charges.	304.125	242,230
Deterred cumpler.	304,120	292,230
Total	\$42,966,831	\$28.539.274
Liabilities:		
V loan payable	<b>26.528.190</b>	0CD.9DE.9\$
Accts, payable	4.751.628	4.016.672
War contr. liab	654.654	466.395
Accruals	1.760.551	994.988
Illincome taxes	3,514.535	2,120,024

Total current.
Bubs. pfd. stock.
Long term debt..
33,7% pfd. (\$100).
mCommon stock.
Capital surplus...
Earned surplus... \$17,209.558 812,000 \$17,098,079 300,000 6.000.000 530,030 530,030 5011,739,097 6,676,146 350.000 4.405.856 \$42.966.831 \$28.639.274 \$17.222.387 \$6.445.927 U. S. tax notes: 1945, Total

Total \$42.966.831 \$28.639.274

Net current assets \$17.222.387 \$6.445.927

[The deducting U. S. tax notes: 1945, \$3.362.935: 1944. 44.511.630.

[The value: 1945, \$0.50: 1944. \$1.

[The value: 1945, \$0.50: 1944. \$1.

[The deducting U. S. tax notes: 1945, \$1.79.061: 1944. \$1.83.093.

[The value: 1945, \$0.50: 1944. \$1.

[The value: 1945, \$1.79.061: 1944. \$1.83.093.

[The value: 1945, \$1.79.061: 1944. \$1.79.093.

[The value: 1945, \$1.79.061: 1944. \$1.79.093.

[The value: 1945, \$1.79. Total outstanding as of Oct. 31, 1945, \$6.528.-

Serial Notes Retired: Entire issue of notes payable, due serially to 1945 was retired Oct-22, 1945.

Capital Stock: 1. Dresser Industries. Inc. 174% cumulative convertible preferred; por 5100:

Capital Stock: 1. Dresser interview. Side:

\$100:

AUTHORIZED—All series, 120,000 shares; this series, 60,000 shares; outstanding, this series, 60,000 shares; outstanding, this series, 60,000 shares; outstanding, this series, 60,000 shares; par \$100.

PREFERENCES—Has preference for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends at rate of \$3.75 per share annually payable quarterly Mar. 15, etc., cumulative from Sept. 15, 1945.

DIVIDEND RESTRICTION—Company may not pay any dividends (except in junior shares) or make any distribution on, or sequire for value or provide for redemption of, junior stock, if (1) thereafter total of all redemptions of junior shares subsequent to Oct. 31, 1944, exceeds the sum of (a) consolidated net income from and after such date. (b) \$1.000.000 and (c) net proceeds from sale after such date of junior shares; or (2) as of Apr. 30 or Oct. 31 next preceding, and after giving effect to all such disbursements after such date, the sum of the par or stated value of all junior stock plus consolidated surplus less shan 150% of the sum of consolidated funded debt and involuntary liquidation value of all preferred and stock having priority or parity therewith.

DIVIDEND RECORD—Initial dividend of 93% cents paid Dec. 15, 1945 and quarterly therewith.

DIVIDEND RECORD—Initial dividend of 93% cents paid Dec. 15, 1945 and quarterly share.

after.
VOTING RIGHTS—Has one vote per share.
VOTING RIGHTS—Has one vote per share.
While an amount equal to dividends for one
year is in default preferred, voting separataly

as a class, is entitled to elect one-third or next hishest whole number of directors.

Affirmative vote (at a meeting) of 66 2/3% of preferred necessary to (1) create or increase any stock ranking prior to preferred of preferred and or repeal provisions applicable to all series of preferred (3) reclassify preferred; (3) amend or repeal provisions applicable to all series of preferred (3) reclassify preferred; (3) inclusify preferred; (3) reclassify preferred are safeguarded, and (b) immediately thereafter resulting corporation and subsidiaries shall not have outstanding funded debt or stock greater in amount than that permitted to company and its subsidiaries.

Affirmative vote (at a meeting) of 66 2/3% of any particular series of preferred necessary to change rights of such series.

Unless as of Apr. 30 or Oct, 31 next preceding, and after giving effect to any such transactions made after such date and proposed, the sum of (a) par or stated value of all junior stock and (b) consolidated surplus, equals at least 150% of consolidated funded debt plus involuntary liquidation value of Brefered and any stock having priority or parity therewith, the affirmative vote (at a meeting) of all series of preferred shall be necessary to (1) create, assume, incur or guarantee, directly or through a subsidiary, any funded debt, or (b) by a subsidiary to company or a wholly owned subsidiary; (2) permit any subsidiary to issue preferred (except to company or a wholly owned subsidiary; (3) issue oreferred or any stock having priority or parity therewith; or (4) dispose of, or permit any subsidiary to dispose of except to company or a subsidiary, unless (a) all owned funded debt or stock of such subsidiary; is simultaneously disposed of, and (b) immediately prior thereto subsidiary; while of or owned priority or parity therewith; or (4) dispose of, or permit any subsidiary to dispose of except to company or a subsidiary, unless (a) all owned funded debt or stock of such subsidiary; is simultaneously disposed of, and (b) immediate

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CONVERTIBLE—Into common prior to Sept. 15, 1955 (or if called, to redemption date) on basis of 215 common shares for each preferred share, with scrip for fractional shares. Conversion rights protected against dilution. PREEMPTIVE RIGHTS-None.

PREEMPTIVE RIGHTS—None.

CALLABLE—As a whole or in part on at least 30 days' published notice at any time to Sept. 15. incl., as follows, per share, plus dividends: 1950, 5107.50; 1955. \$105. and at \$104 thereafter. Also callable for sinking fund, which see, at \$103 per share. Not less than all preferred may be redeemed if any dividends are in arrears.

SINKING FUND—On or before each Apr. 15. 1946 to 1955 incl., an amount (to extent of consolidated net income for preceding fiscal year less preferred dividends) sufficient to purchase at \$103 per share. 1% of all 3½% preferred theretofore issued: any balance not so used within 12 months to be returned to general funds.

used within 12 months to be returned to general funds.

On or before each Oct. 15 beginning 1956. company shall retire 2% of all 32% preferred issued prior to close of next preceding fiscal year less preferred theretofore converted, plus any arrearages; provided that if consolidated net income fless preferred dividends) for preceding fiscal year is less than required amount, such sum shall be so applied and deficit shall be cumulative. Credit may be taken for excess retirements.

ADDITIONAL PREFERRED—May be issued in series with dividend rate and other provisions as fixed by directors subject to prescribed limitations. limitations.

limitations.

PURPOSE—Net proceeds to redeem 8% preferred of a subsidiary and to pay short term bank leans (see page 2673): balance for additions to plant and equipment and working capital.

OFFERED—(60.000 shares) at \$103 per share on Oct. 16. 1945, by a syndicate headed by Barriman Ripley & Co., Inc., New York.

TRANSFER AGENT—Brown Bros. Harriman & Co., New York.

REGISTRAR—City Bank Farmers Trust Co., New York.

LISTED—On New York Stock Exchange.

PRICE RANGE—1945, 113-1111½.

2 Dresser Industries, Inc. comment par 30

ents:

AUTHORIZED — 2,400,000 shares (increased from 335,000 shares to 350,000 shares. June 14, 1944; to 600,000 shares, Oct. 23, 1944; to 2,400,000 shares. Mar. 27, 1945); issued and outstanding. Dec. 31, 1945, 1,095,137 shares; reserved for conversion of preferred. 150,000; par 50 cents (changed from no par to par 51. Oct. 23, 1944; to par 50 cents, Mar. 27, 1945, on a two-for-one split).

ISSUED—(350,000 shares) in Dec. 1938, to holders of S. R. Dresser Mig. Co. ciasa A convertible and class B stock and Clark Bros. Co. common on basis of two shares for each old class A share and one share for each old class B share of S. R. Dresser Mig. stock and five shares for each old class B share of S. R. Dresser Mig. stock and five shares for each old common share of Clark

Plant, equip., etc. Exc. prof. ref. bds. Deferred charges.

Bros. Co. stock. \$0.000 of these shares were held in the treasury, and in Oct. 1940. 35.000 treasury shares were exchanged for entire common stock of Pacific Pump Works, and in June. 1944. remaining 15.000 treasury shares were exchanged for entire common stock of Pacific Pump Works, and in June. 1944. remaining 15.000 treasury shares were sold to private investors.

Issued 103.000 shares (par \$1) in Nov., 1944 in connection with acquisition of International-Stacey Corp.

Issued. early in 1945, 154.059 shares (par \$0 cents) in connection with acquisition of following companies: Kobe. Inc. (49.188): Payne & Furnace Supply Co., Inc. (41.827): Day & Night Mfg. Co. (34.534): Roko Corp. (8.510).

Issued Nov. 1, 1945, 35.078 shares in acquisition of Security Engineering Co., Inc. DIVIDEND RESTRICTIONS—See 334% preferred (No. 1) and V Loans, above.

DIVIDEND Supplys 75 cents; 1940. \$2: 1941 and 1942, \$1.50: 1943 and 1944, \$1: 1945. \$1.20.

TRANSFER AGENTS—Brown Bros. Harriman & Co., New York, and Bank of America N. T. & S. A., Los Angeles.

DIVIDEND DISBURSING AGENT—Brown Bros. Harriman & Co., New York, and Security-First National Bank, Los Angeles.

LISTED—On New York and Los Angeles Stock Exchanges.

PRICE RANGE—B1945, 1844, 1943, 1942, 1941.

#### DUVAL TEXAS SULPHUR CO. History: Incorporated under Texas laws Aug.

18, 1926. Susiness and Property: Company mines sul-

phur by the Frasch process.

In Feb., 1938, erected and placed in operation a plant at the Orchard Dome in Fort Bend Co., Texas. This plant is being amortized on an estimated total recovery of 2,000,000 tons. Production to Dec. 25, 1944 has amounted to 1,90,010 tons.

Production to Dec. 25, 1944 has amounted to 1,190,010 tons.
Company lessed 3.225 scres of land on the Palangana Dome in Duval County, but discontinued this mine in Aug., 1935 when deposits became exhausted.
Operations at the plant at Boling Dome (begun in Sept., 1935) were discontinued in 1940 due to exhaustion of commercial quantities of sulphur reserves.
The San Diego & Guif Ry. (completed in 1929) which connected company's properties with the Texas Mexican Ry. was placed in liquidation in 1937.
Centrol: Company is controlled by United Gas Corp. (Del.) (see Moody's Public Utility Manual).

Officers: G. F. Zoffman. Pres.: R. H. Har-

Officers: G. F. Zoffman, Pres.: R. H. Hargrove, Vice-Pres.; V. J. Thornhill, Sec.; Eugene German, Asst. Sec. and Asst. Treas.; I. M. Avent, Asst. Treas.

Directors: J. W. Cain, E. Cockrell, W. J. Dale, R. H. Hargrove, N. C. McGowen, R. A. Shepherd, G. F. Zoffman.

Annual Meeting: Third Tuesday in March No. of Stockholders: Mar. 31, 1944, 512. General Office: Niels Esperson Bldg., Hous-

New York Office: 2 Rector St., New York. income Account, years ended Dec. 31:

***************************************	1945	1944
Net sales, etc	\$2,732,783	\$2,732,752
Cost & expenses.	1,319,252	1,329,881
Retire & deplet	42.308	45.430
Adm. & gen. exp.	129.759	123.741
Taxes	296.947	291.073
Net oper, income	944.518	937.626
Other income	8.381	3.373
Total income	952.899	940.999
MOther deduct	88.090	110.424
Fed. income tax	152.097	134.889
Pr. yr. tax adi.	cr 73.081	
Net income	785,793	695.686
Dividends	625.000	750.000
Surplus for year -	160.793	d 54.314
	1.539.065	1.593.380
Earn. surp., 12-31	1,699,858	1.539.065
Earned per share	\$1.57	\$1.39
No. of chares	500.000	500.000
Mincludes \$79.995 (1	944 \$102 8801	non-pro-
ductive exploratory co		11011- PIO-
Cales on Formings	Net	Earn.
Sales an Earnings: Year Net Sales	Income	on Com.
1043 52 715 329	3703.182	\$1.40
1942 3 020 133	795.141	1.59
1941 2 920 664	708.536	1.42
1942 3,020,133 1941 2,920,664 1940 3,024,689 1939 3,375,608	578,596	1.16
1939 3 375,608	354.259	0.71
1938 1.805.510	628.014	1.25
Balance Sheet, as of		
Assets:	1945	1944
Cash	\$924.498	\$894.656
U. S. Govt. secs	197.075	159,000
Work funds	3.500	3,500
Accts, receiv.	34.205	24.960
MSulphur invent.	1.497.556	1,447.863
MSulphur invent.	154.052	127 606
Prepayments	8.765	10.007
Oth. curr. assets.	1.573	2.177
Total current.	\$2.821.223	\$2,669,759
Plant, equip., etc.	1.285.333	1,232,337
Exc. prof. ref. bds.		16.075
Deferred charges		1.738

\$4,108,536

Total .....

Lisbilities: Royal. accruels	1945 \$159.810	1944 8151.041
Accis. psy., etc Accrued taxes	36.554 274.771	32.949 306,381
Total current. Retire. & dep. res. Invent. adj. res ECapital stock	\$471.134 935.217 346 1.000.000	\$490.371 \$90.072 412 1,000.000
Earned surplus	1.699,858	1.539.065
Total Net curr. assets []500.000 no per she	\$4.106.556 \$2.350,089 ares.	\$3.919.920 \$2,179,398

(At cost, lower than market.)
(At cost or estimated salvage value.)
(Accounts certified by Haskins & Sells.)

Accounts certified by Haskins & Sells.
Capital Stocks 1. Duval Texas Suiphur Ca.
stock: no par:
AUTHORIZED—550,000 shares: outstanding,
500,000 shares: no par (changed from \$10 par
in Nov., 1929, five no par shares issued for each
\$10 share).
On Dec. 31. 1944, United Gas Corp. (ace
Moody's Public Utility Manual) owned 373,557
shares of the outstanding stock.
DIVIDENDS—
1935... \$0.50 1937-39 Nil 1940... \$0.75
1941... 1.25 1942... 2.00 1943-44 1.50
1945... 1.25 [11946... 0.25
[IITO Mar. 31.
THANSFER AGENT—Manufacturers Trust
Co., New York.
RECISTRAR—Chase National Bank, New
York. OFR.

-Unlisted trading on New York Curb Exchange 1945 1944 1943 1942 1941 PRICE RANGE 1615 1314 1176 9 734 Low 1134 912 8 6% 6%

Low 1134 515 8 515 536

EASTERN SUGAR ASSOCIATES

History: Organized in Maryland under strust agreement dated Jan. 16, 1934. In June, 1934 domiciled in Puerto Rico. Successor, in Apr., 1935, to the East Porto Rican Sugar Co. For details see Moody's 1937 Industrial Manual. Company's properties (see below), which are now owned by Eastern Sugar Associates, were formerly owned by United Porto Rican Sugar Co. (Md.) through its subsidiary. United Porto Rican Sugar Co. (of Puerto Rico), which went into receivership Feb. 13, 1933, and were taken over June 29, 1934, by the East Porto Rican Sugar Co. (dissolved on Apr. 16, 1935, pursuant to a reorganization plan.

During 1938-39 the trust acquired all the investments of its subsidiary. Caguas Co., Inc. Business: Company and its subsidiaries are engaged in growing sugar came and manufacturing and selling raw sugar.

Properties: Comprise a complete producing and operating unit, located in Puerto Rico, with land, modern equipped sugar mills having total capacity of about 1,000,000 bass per annum, railroads and equipment and terminals with warehouse and harbor facilities.

Over 24,700 acres of land are owned and about 9,900 acres leased. Marine equipment is owned by Eastern Lighterage Co., a wholly-owned subsidiary. During 1941 a small refinery was arected at Santa Juana and placed in operation for refining of local quota allotted to Associates for local sale.

Subsidiaries: Eastern Lighterage Co., Humacao Shipping Corp. and Las Tiendas, Inc.

Associates for local sale.

Subsidiaries: Eastern Lighterage Co., Humacao Shipping Corp. and Las Tiendas, Inc.

Officers: M. A. Del Valle, Pres.: A. M. De Blanc, Sec. and Treas: N. H. Stritehoff, M. Aragoneses, J. A. Stevenson, Asst. Sec. and Asst. Treas.

Trustees: H. E. Henneman, H. E. Boyce, Louis Nnetzker, A. H. S. Post. J. A. Stevenson, Ne. of Stockholders, Dec. 31, 1944: Preferred, 950; common, 845.

No. of Employees: Dec. 31, 1944; 4,000.

Annual Meeting: No annual meeting, Main Office: Caguas, Puerto Rico.

Production (total short tons of commercial sugar produced—factory weight), years ended June 30: 1937, 91,929: 1938, 11823; 1939, 81,701: 1940, 99.439: 1941, 92.162; 1942, 120,112; 1943, 107,-645: 1944, 69.421; 1945, 94.038.

Consolidated Income Account, years ended

Consolidated Income	Account	verrs ended
June 30:	1945	1944
Sugar produced .	\$6,474,365	84.825.118
Molas, produced _	651.287	406.089
Misc. income	.27.604	31,939
FComp. fr. U. S.	239,756	216,794
EServ. contr. inc.	470.231	
Total revenue	7.863.244	5,479,939
Costs & expenses	7,284,415	5,684,432
Deprec. & amort.	352,674	409.208
Balance	226.156	₫ 613.701
Interest paid	96.591	38,296
Balance	129.565	£ 651.997
Prior crop profit.	4 28.423	156,173
Income taxes	87.500	430,110
Net profit	13.641	d 495.824
	134,420	268.840
Preferred divs.		764.654
Def. for year	120.779	
Prev. earn. surp	4,327,378	4,882.479
Income tax res.	******	er 75.753
Other credit	*******	<b>3</b> 133.810
Earn. surp., 6-30.	4,206,599	4,327,378
Earn., pfd. share.	\$0.13	NU
DEarn., com. sh	₫ 3.66	d \$7.21
No. of pid. shares	107.736	107.726 143.517
No of come he .	147 517	

DOVER INDUSTRIES, LTD.

Transfer Agent & Registrar: Toronto Gen-eral Trusts Corp., Toronto.

#### DRACKETT CO.

4% Conv. Preferred, Series A—Offering: 108,000 shares of 4% cum. convertible preferred, series A (par \$25) offered at \$25 per share on April 18, 1946 by a syndicate headed by Van Alstyne, Noel & Co., New York, and Field, Richards & Co., Cincinnati, Details follow:

low: AUTHORIZED—All series, 500,000 shares; out-standing, series A, 108,000 shares; par \$25. PREFERENCES—Has preference for assets

PREFERENCES—Has presence an assem-and dividends.
DIVIDEND RIGHTS—Entitled to cumulative dividends of \$1 per share annually payable quarterly Feb. 15. etc.
DIVIDEND LIMITATION—See bank loans,

DIVIDEND LIMITATION—DEE DEER 102012, below.
DIVIDEND RESTRICTION—No dividends (except in common stock) may be paid on common if (1) consolidated net current assets (as defined) are or would be less than involuntary liquidation value of outstanding preferred; or (2) thereafter aggregate of common purchases or dividends on any stock subsequent to Jan. 31, 1946 would exceed consolidated net earnings (as defined) plus \$400,000.

preferred: or (2) thereafter aggregate of common purchases or dividends on any stock subsequent to Jan. 31, 1946 would exceed consolidated net earnings (as defined) plus \$400.—000.

VOTING RIGHTS—Has no voting power (except as required by Ohio laws) unless any quarterly dividend is in arrears for 8 successive dividend dates, when board of directors shall be increased by 50% (disregarding fractions) and preferred, voting as a class by plurality vote, is entitled to sleet such additional directors.

Consent of \$62.73 of preferred necessary to (1) authorize or issue stock prior or equal to preferred; (2) amend provisions to affect rights of preferred adversely; (3) create retirement fund for any series or preferred unless applied equally to all series; (4) issue additional preferred of any series unless thereafter consolidated net earnings (as defined) for 12 calendar months within 15 months next preceding equal at least twice annual dividend requirements on all preferred and net worth (as defined) exceeds involuntary liquidation value of all preferred to be outstanding; (5) merge or consolidate, or sell or transfer substantially all assets; (6) issue, assume, guarantee or have outstanding any funded debt (as defined) in excess of consolidated net worth (as defined); or (7) create or permit any pleage or encumbrance on assets or property, except (a) unsecured debt (as defined) in ordinary course of business maturing within 12 months and renewals, replacements or refundings thereof; (b) purchase money obligations not to exceed 80% of cost or fair value of after acquired property, and (c) debt of subsidiary does not exceed \$25.000) to acquire assets or property subject to lien not assumed or guaranteed by company.

LiQuidation rights protected against dilution. CALLABLE—As a whole, or in part in amounts of at least 10,000 shares, on at least 5 days malied notice at any time at 525 per share if involuntary and specified limitations.

PURPOSE—To redeem all \$1.467,000 s. f. debenture 5s, due 1959, and all 37,500 shares

poses.
TRANSFER AGENT—Fifth Third Union Trust
Co., Cincinnati.

REGISTRAR-Central Trust Co., Cincinnati.

Co.. Cincinnati.

**Emak Leens: Company has arranged to borrow on or about June 1, 1946, \$750.000 under agreement with Fifth Third Union Trust Co.. Cincinnati, and Bankers Trust Co., New York (\$375,000 from each), evidenced by unsecured \$2% serial notes, and \$1,750.000 from Metropolitan Life Insurance Co.. New York, evidenced by unsecured \$3% serial notes.

The 2% notes are payable \$150,000 annually and ratably on each June 1, 1947-61 incl., (dates tentative). The 3% notes are payable \$150,000 annually June 1, 1947-61 incl., with privalege of prepayment without premium of an additional \$150,000 annually (non-cumulative); in additional \$15

dividends (except in stock) on or retire any stock unless thereafter (a) all such payments (except those financed by sale of stock subsequent to June 1, 1949) since Sept. 30, 1945 shall not exceed consolidated net income since such date plus \$220,000; and (b) net current assets are at least \$2,000,000; (2) create any encumbrance on property except (a) purchase money or existing liens not to exceed 80% of cost or fair value of after-acquired property, all such debt not to exceed 3300,000, and extensions, renewals or replacements thereof; (b) piedges of grain or other commodities and allied products (with hedged positions maintained as provided), and (c) certain minor exceptions.

Proceeds to be used for replacements, additions, rescarch and laboratory equipment and new equipment and excansion projects.

Debenture \$2, 1939 Retired: Entire issue was retired at 106% on June 1, 1946 at Irving Trust Co., New York.

Common Reclassified: Under a recapitalization which became effective April 15, 1946, each of the outstanding 352,980 \$1 cmmon shares was reclassified into two \$1 par common stock was increased to common reserved for conversion conv. preferred stock, series A.

DRAVO CORP.

Cansalidated Eriance Sheet:

DRAVO CORP.
Consolidated Science Sheet:
Assets: Dec. 31. Dec. 31, '45 \$3.034.047 7.141.216 4.592.894 9.437.023 \$44.296 1.064.039 360.831 []July 21.'45 \$3.473.552 9.576.704 6.896.946 12.278.137 Assets:
Cash
U.S. Govt. secur..
Receivables, net..
Inventories
Reim. contr. costs
Post-war tax ref.
Contr. term. clm..
Misc. curr. assets. Contr. billings ___ cr 7.951.970 er 10.670.985 \$24.352.050 19.514.679 11.267.715 8.546.964 13.221 Total current.

\$18.752.429 20.556.041 11.641.260 8,914.751 12.933 673.949 116.285 2.382 2.500 315.769 102.087 Total current.
Plant, prop., etc...
Dspr., depl., etc...
Net property
Patents (net)
...
Oth. secur. inv...
Other invest...
Mise assets net 3.254 2,650 Misc. assets, net Due from employ. Deferred charges. 227,361 \$33,992,183

\$28,895,114 Total __ Liabilities \$2.198.031 4.215.587 865.330 850.000 728.038 \$2,957.523 7,422.725 1,291.005 400.000 1.179.428 Total current.
Res. for losses, etc.

\$8.860.056 400.000 539.770 108.221 \$13.250.682 400,000 758.230 88.734 Res. for losses, etc.
Post-war reserver.
Repairs, etc., res.
Minority interest.
4% pfd. stk. (\$50).
Common stk. (\$1).
Earned surplus.
Paid-in surplus.
Capital surplus.
Total

@Reacq. stock...
Net stk. & surp. 517.950 3.650,550 3.775.850 500,000 13.817.759 500,319 13,609,826 44,296 £06,714 18,641,705 176,254 46.263 836.714 18,976.586 176.254 18.465,451 18.976,586

Total \$28.895.114 \$33.992.183

Net curr. assets \$9.892.373 \$11,101,368

Ill From SEC report.

17.285 common shares at cost.

Note: Items not included above pertaining to certain government centracts are as follows:

Assets: Dec. 31.45 July 31.45

July 31.'45 Dec. 31,'45

Assets:
Cash
Receivables
Work in process \$834.861 240,139 381,175 \$119,913 130,087 \$1,456,175 \$250,000 Total
Liabilities:
Accounts payable
Advances \$250,000

\$250,000

\$1,456,175

DRESSER INDUSTRIES, INC.

Dividends (revised): On no par common stock: 1939, 75 cents: 1940, 82: 1941 and 1942, \$1.50; 1943 and 1944, \$1; on \$1 shares: 1944, \$1; on 50 cent shares: 1945, \$1.20.

DREWRYS, LTD.
Proposed Bond Retirement: See Western
Breweries, Ltd., in Addends.

DRIVER-HARRIS CO. Income Account, years ended Dec. 31:

rs ended \$\text{1945}\$
\$9,190.975
\$9,99.951
204.905
795.046
150.000
364.000
2.023
11.872
267.151 11.553.586 1.552.958 182.716 1.370.242 150.000 857.250 cr 997 363.989 214.008 149,981

1945 2.117.005 2.170.148 \$3.00 89.170 Surplus, Jan. 1. 2117.005 11.964
Surplus, Dec. 31.. 2.17.005 1.967.024
Earn... com. share \$3.00 \$2.177.088
No. of com. shs.. \$3.170 \$3.170

[] Accelerated amortization of contracts.
[] Accelerated amortization of war facilities applicable to prior years, after deducting \$60.764 credit for applicable income taxes.

Note: Company is subject to renegotiation of war contracts for 1945, but believes any adjustment will not be substantial in amount.

Eslance Sheet, as ef Dec. 31: 1.967.024 2.117.005

Ealance Sheet, as o	of Dec. 31:	-
Assets:	1945	1944
[]Inventories	\$675.111	\$663.924
Exc. prof. ref. bds.	170.019	4000.824
Receivables, net.	417.683	863.825
Cash	926,299	2.683.966
Total current.	\$2.819.112	
Plant & equip	4.557.211	34.211.716
Depreciation	3,301,334	4.545.204
Net plant	1.255.877	3.262.978
Land	158.691	1.282.226
Patents, etc.	200,001	158,691
British subsid	264,103	200 10
Other affil inv	200,203	268.131
Post-war tax ref.	• •	***
Ther assets	2.311	265.269
finer assets	24.247	31.275 47.383
		31,383
Total	\$3,894,343	36,264.694
Liabilities:	2022	
Accounts payable	\$273.549	\$421.468
Accruals	44.945	82.021
Fed. inc. tax res.	514,000	1.102.500
Renegot, refund	*******	1.630.000
Total current.	\$832.495	\$3.255.989
Com. stock (\$10).	891.700	891.700
DSurplus	2.170.148	2.117.00
<del></del> -		
Total	\$3.894.343	\$6.264.694
Net current assets	\$1.356.617	\$955.727

(I)At lower of cost or market.
[2]\$1,361,000 restricted for reacquired capital

ESI.361,000 restricted for reacquired capital stock.

Note: Investment in capital stock of British Driver-Harris Co., Ltd. is carried at cost. and investments in Italian and French subsidiaries (Societa Anonima Italiana Driver-Harris and Etablissements Driver - Harris) at nominal amounts of SI. Financial statements of those subsidiaries as at Dec. 31 have not been received from abroad.

Accounts certified by Ernst & Ernst.

DUNCAN ELECTRIC MANUFACTURING CO.

Income Account, years ended Feb. 28: 1945 1946 \$198.042 123.120 74.922 823.598 cr 51,904 1946 MNet profit ... \$192.534 123.120 69.414 754.185

1945 \$390.076 135.022 285.040 451.748 Cash
U. S. Govt. secur.
Receivables. net...
Inventories \$521.227 68.000 241.977 412.217 Total current.
Land, bldgs.. etc..
Depreciation
Net property
Patents
Other sasets
Deferred charges. \$1.261 RR6 727.772 327.368 400,404 \$1.243.420 Not stated 345.950 3.442

Total
Liabilities:
Accounts payable
Cust credit bal.
Accruals

MFed. income tax
Dividend payable \$1.696,531 \$1,598,341 \$284,333 27,375 40,558 7,756 30,780 \$85,402 54.958 7.344 30,780 Total current.
Contingency res.
Cap. stock (\$2.50).
Earned surplus
Paid-in surplus \$390.802 100.000 307.800 823.598 74,331 \$178.484 100.000 307.800 937.726 74.331

Total \$1.598.341 \$1.696.531
Net curr. assets... \$1.064.935 \$871.084
Uncludes renegotistion provision and after
deducting U. S. tax notes: 1946, \$160,000; 1945. \$400,000.

 
 S400,000.
 DUPUIS FRERES, LIMITER

 Belance Sheet, as of Jan. 31:
 Assets:

 Assets:
 1946

 Receivables
 5541.786

 Cash
 466.715

 Emb. bond acct...
 96.324

 Investment, cost...
 574.066
 1945 \$465.965 171,264 Assets: Receivables Cash
Emp. bond acct.
Investment, cost.
Inventories 555.616 1.224.582 1.357.948 \$2,417,432 4,015,173 1,239,920 388,800 Total current.

MProp. accts., etc.

Goodwill \$3,036.840 4,162,000 1,239,920 393,181 Pfd. sinking fund \$8.061,333

SR.831.942

Total .....

# MOODY'S MANUAL OF INVESTMENTS

AMERICAN AND FOREIGN

## INDUSTRIAL SECURITIES

JOHN SHERMAN PORTER, Editor-in-Chief

Editorial Board

Frank J. St. Clair

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1947

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MOODY'S INVESTORS SERVICE, NEW YORK

## MOODY'S INVESTORS SERVICE

65 BROADWAY, NEW YORK 6, N.Y.

PHILADELPHIA BOSTON CHICAGO LOS ANGELES PITTSBURGE SAN FRANCISCO Stock Exchange Bldg. 75 Federal St. 105 W. Adams St. Hollingsworth Bldg. Union Trust Bldg. Russ Bldg.

LONDON: MOODY'S INVESTORS SERVICE. LTD.

No. of Stockholders, Dec. 31, 1946: Preferred. - Ma. of Stochaster St. 1946; Freierred. of Employees: Dec. 31, 1946; 649. No. of Employees: Dec. 31, 1946; 649. Office: 700 No. Sacramento Bivd., Chicago, office: 700 No. Sacramento Bivd., Chicago, came Account, years ended Nov. 30:

30: (1)1945 \$7.60-1.497 6.751,184 588.561 264.732 1946 \$4,385,346 3,668,208 797,252 d 80,114 20,124 d 59,990 other income — d 59,990 273,834

Teal income — 2,617 2,034

Other deductions — 2,617 2,034

Other deductions — 2,617 2,034

Teal income tax — 23,900 100,408

Fed income tax — 23,900 100,408

Fed income tax — 28,750

Freiered divs — 28,750

Freiered divs — 28,750

Freiered divs — 959,164 893,687

Surplus for year — d 8,661 50,089

Frev. earn. surp — 959,164 893,687

Surplus for year — 35,227

Earn. surp — 11-30 — 875,276 959,164

Earn. ord — share — 30,50 33,84

Earn. ord — share — d0,14 0,51

Earn. Surp — 11-30, 875,276 959,164

Earn. ord — share — d0,14 0,51

Earn. o 9,182 273,934 900 dr 17,120

	years ended	Nev, 30:
	les Bef. Tax	Profit
1943 \$4.12	2.581 \$198.380	\$117.806
1942 3.672		186.981
1941 5.277		338.320
1940 3.808		183.098
1,539 3.606	3.930 247,115	198,152
Balance Sheet, as o	f Nov. 30:	,
Assets:	1946	1945
Cash	\$565,980	\$694.462
U. S. Govt. secur	740.465	204.145
Oth. mkt. secur	19,315	19.316
Receivables, net	539,118	248,315
Inventories	732.001	€95,439
Total current.	\$2,596,879	\$1,861,677
Plant & equip	1.680.960	1.560.030
Deprec. & amort	950.853	934.201
Net property	730.107	625.829
Land	86.757	86.757
insur., cash value	87.205	96,629
Compens. insur.	7,500	7,500
Loan to vendor	35.000	
Other assets		661
Deferred charges.	4,566	2,528
TotalLiabilities:	\$3,548,014	\$2,681,582
Account same	****	
Accounts payable	\$222.256	\$225,472
Dividend payable. Accruais	11,250	34.451
Fed. income tax	222,192	209.306
The second care	*******	104,479
Total current.	\$455,699	\$573,718
\$12% Dfd (\$25\	1,000,000	
	890,000	1,148,700
CALC-IN SHEDING	327,040	
Earned surplus	875.276	959,164
Total	\$3,548,014	\$2,681,582
Net current assets	\$2.141.180	\$1,287,959

Net current assets \$2.141.180 \$1,287,959

(DAt lower of cost or market.

(I) Par value: 1946, \$5: 1945, \$100.

Accounts certified. Arthur Young & Co.

Capital Steck: 1. Cribben & Sexton Co. 44,%

emanulative convertible preferred; par \$25:

AUTHORIZED—40.000 shares: outstanding.

Nov. 30, 1946, 40,000 shares; par \$25.

PREFERENCES—Has preference for assets and dividends.

Nov. 30. 1946, 40,000 shares; par \$25. PREFERENCES—Has preference for assets and dividends.
DIVIDEND RIGHTS—Entitled to cumulative dividends of \$1,12½ per share annually payable quarterly Mar. 1, etc., cumulative from Mar. 1, 1946.
DIVIDEND RECORD—Initial dividend of 28½ cents per share paid June 1, 1946. Regular dividends paid quarterly thereafter.
DIVIDEND RESTRICTION—Company will not pay any dividend (except in common shares) or make any distribution on br purchase or redeem, or permit any subsidiary to purchase any junior stock (a) except to extent that the sum of consolidated net income subsequent to Nov. 30, 1945, \$275,000, and charges to earned surplus for commissions and expenses in connection with the issue of preferred, exceeds total of dividends and distributions on and cost of acquisition of junior shares since such date; and (b) unless immediately thereafter consolidated net current standing preferred.

VOTING RIGHTS—Has one vote per share concurrently with all other classes of stock, with cumulative voting for directors.

Consent of 66 2/3% of preferred necessary to (1) increase authorized preferred; (2) authorize any additional stock or securities convertible into stock ranking equal or prior to preferred; (3) amend provisions to limit or adversely affect preferred; (4) Feorganize, recapitalize or reclassify shares; liquidate or dissolve; sell substantially all assets, or consolidate or merge, unless all preferred is purchased or redeamed; (5) create, assume or guarantee any funded debt, or permit any subsidiary for to do, except (a) acquisition of subsidiary funded debt, not to be disposed of unless all owned shares of such subsidiary are simultaneously disposed of; (b) purchase money or existing liens on after-acquired property not to be encumbered in excess of 75% of sound depreciated value, or extension, renewal or refunding thereof; (c) extension, renewal or refunding of funded debt of or guaranteed by company or a subsidiary in not to exceed like amount, or (d) guaranty of contract or obligation (other than for money borrowed) of a subsidiary in ordinary course of business; (6) guarantee dividends or obligations of another entity, or (7) permit any subsidiary to authorize or issue sinees or securities convertible into shares ranking prior to its common (except to company, not to be disposed of unless all other owned shares of such subsidiary are simultaneously disposed of).

LIQUIDATION RIGHTS—In liquidation, entitled the common of the contract of

ori, LIQUIDATION RIGHTS—In liquidation, en-titled to \$25 per share if involuntary and to redemption price if voluntary, plus secrued

LIQUIDATION RIGHTS—In liquidation, entitled to \$25 per share if involuntary and to redemption price if voluntary, plus accrued dividends in all cases.

PREEMPTIVE RIGHTS—None.

CONVERTIBLE—into common at any time prior to Mar. 1, 1955 (or to close of business day next preceding redemption date it called) to each Mar. 1 incl. at prices per common share (with cash for fractional shares) as follows:

1947... \$16.50 1948... \$17.75 1949... \$19.50 1950... 25.00

FPrior to Mar. 1, 1956.

Conversion rights protected against material dilution. Preferred converted to be cancelled. CALLABLE—As a whole or in part on at least 30 days notice at any time to each Mar. 1, incl., as follows (per share, plus dividends):

1947... \$26.50 1951... \$26.00 1954... \$25.50

ID1954... 25.00

FAfter Mar. 1, 1954.

Company may purchase preferred in whole or part at not to exceed redemption price; but not less than all preferred may be burchased or redeemed while any dividends are in arrears. Preferred so acquired to be cancelled. PURPOSE—Net proceeds from sale of preferred and common (see below) to pay for improvements, machiners and equipment in connection with reconversion; balance for additional working capital.

Offered: 40.000 shares of preferred at \$25 per share (proceeds to company \$23.50 per share) and 45.000 shares of common at \$13.50 per share (proceeds to company \$23.50 per share) and 45.000 shares of common shares accrued to company and were used for new equipment, machinery and for additional working capital, while the remaining \$3.305 common shares were sold for account of stock-holders.

Price Range: 1946, 2714-20.

2. Cribben & Sexten Cs. commen; par \$5:

Authorized. 250.000 shares (including 60.606 shares reserved for conversion of preferred!): outstanding, Nov. 30, 1946, 178.000 shares; par \$5:

Has one vote per share, with cumulative voting for directors. Has no preembtive rights.

Has one vote per share, with cumulative voting for directors. Has no preemptive rights.

For dividend restriction, see preferred

Offered: See preferred above. Price Range: 1946, 14%-714.

Transfer Agent: Chicago Title & Trust Co.,

Registrar: First National Bank, Chicago.

Registrar: First National Bank, Chicago.

DRESSER INDUSTRIES, INC.

Mistery: Incorporated under the laws of Pennsylvania, Dec. 31, 1938, as Dresser Manufacturing Co., as result of a consolidation of S. R. Dresser Mig. Co. (incorporated in 1860) and its wholly-owned subsidiary, Clark Bros. Co. (N. Y.; incorporated, 1903). Also Clark Bros. Co., Inc., a new wholly-owned subsidiary, emerged from the consolidation. Name changed to Dresser Industries, Inc., Oct. 23, 1944.

In July, 1933, predecessor December 1988.

enanged to Dresser industries, inc., Oct. 21, 1944.

In July, 1933, predecessor Dresser company acquired The Bryant Heater Co. (Ohio). In Aug., 1940, acquired 50% of outstanding capital stock of Van der Horst Corp. of America (Del.). On Oct. 1, 1940, acquired entire outstanding capital stock of Pacific Pump Works, Cal. (name changed to Pacific Pumps, Inc., Sept. 8, 1944).

On Jan. 1, 1942, acquired all of outstanding capital stock of Bovaird & Seyfang Manufacturing Co. (Pa.).

On Nov. 1, 1944, company acquired, by issuance of 103,000 shares (par 31) of Dresser common, net assets of International-Stacey Corp. and its subsidiaries, International Derrick &

Equipment Co. of Ohio, Calif. and Texas (three separate companies), Roots - Connersville Blower Corp. and Stacey Bros. Gas Construction Co. Subsequently, Dresser transferred to International Derrick & Equipment Co. (Ohio) all assets and properties of International Stacey Corp., including issued and outstanding capital stocks of International Derrick & Equipment Co. of Texas and California, and Stacey Bros. Gas Construction Co. Capital stock of Roots-Connersville Blower Corp. is held by Dresser. International-Stacey Corp. was dissolved.

On Feb. 1, 1945, acquired net assets of Payne Furnace & Supply Co., Inc. and Kobe through exchange of stocks of respective companies for Dresser common (par 50 cents) on following basis: Two shares of Dresser in exchange for stock of two companies is follows: Payne Furnace & Supply: Each 5 preferred shares or 7 common shares. Kobe. Each 2½ 6% preferred A shares, or 50 5% preferred B. or 5.04 common shares. These net assets were subsequently transferred to Payne Furnace Co. and Kobe, Inc., the old companies being dissolved.

On Apr. 2, 1945, acquired net assets of Day & Night Manutacturing Co. through exchange of latter's stocks for 34.534 Dresser common shares (par 50 cents) on following basis: (a) Two Dresser common shares for each 3 shares of Day & Night 7% preferred; (c) two Dresser common shares for each 5.1 shares of Day & Night 7% preferred; (d) 2.2 Dresser common shares for each 5.1 shares of Day & Night 7% preferred; (d) 2.2 Dresser common shares for each 5.1 shares of Day & Night 7% preferred; (d) 2.2 Dresser common shares for each 5.1 shares of Day & Night 7% preferred; (d) 2.2 Dresser common shares for each 5.1 shares of Day & Night 7% preferred; (d) 2.2 Dresser common shares for each 5.1 shares of Day & Night 7% preferred; (d) 2.2 Dresser common shares for each 5.1 shares of Day & Night 5% preferred; (d) 2.2 Dresser common shares for each 5.0 shares of 5.000 Roko shares for s.510 shares (par 50 cents) of Dresser common. As Kobe, Inc. owned other half interest in Roko

On Nov. 1, 1945 acquired 100% ownership of Security Engineering Co., Inc. by exchange of 35,078 shares of Dresser common (par 50 cents) for the 81,386 shares of Security Engineering common

In 1946 disposed of Van Der Horst Corp. of

In 1946 disposed of Van Der Horst Corp. of America holdings.

Businessi Dresser Industries. Inc. is an affiliation of member companies, joined together by a common ownership, with kindred interests, coordinated products and related markets, operating chiefly in the oil, gas and water and chemical industries.

The business is divided into two major lines—the-Oil and Gas Equipment Division, which produces equipment used in drilling, transporting and refining crude oil and natural gas. The Gas Appliance Division manufactures principally equipment for gas-fired residential, commercial and industrial heating and air conditioning.

Properties: As of Dec. 31, 1946, principal

air conditioning.

Properties: As of Dec. 31, 1946, principal plants of company and its subsidiaries were as follows:

Dresser Plant—Situated on 13.5 acres of land. owned in fee by company, at Bradford, Pa.; floor space, 200,000 sq. ft.

Bryent Plants—Situated on 10 acre tract of land at Cleveland, O.; floor space, 105,000 sq. ft. and at Tyler, Texas; floor space, 105,000 sq. ft. Also leases plant in Cleveland with 80,000 sq. ft.

Clark Plant—Situated on 15 acres of land owned in fee at Olean, N. Y.; floor space, 217,000 sq. ft.

owned in fee at Olean, N. Y.; floor space, 217,000 sq. ft.
Pacific Plant—Situated on 5.5 acre tract of land cwned in fee at Huntington Park, Cal.; floor space 80,000 sq. ft. Mid-Continent division plant is located at Tulsa, Okla.
Bovaird & Seyfang Plant—Situated on 4.9 (3.5 acres owned in fee and 1.4 acres leased) acre tract of land at Bradford, Pa.; floor space, 140,000 sq. ft.
International Derrick Plants—Located at Columbus and Marietta, O.: Beaumont, Tex.; and Torrance, Cal. Total floor space 575,000 sq. ft. on 32½ acres of owned and leased land. Roots-Connersville Plant—Situated on 13.5 scre tract of land owned in fee at Connersville. Ind.: floor space, 187,000 sq. ft.
Stacey Bros. Plant—Situated on 8.1 acres of

Stacey Bros. Plant—Situated on 8.1 acres of land (5.5 acres owned in fee and 2.6 acres leased by Stacey Bros. Gas Construction Corp., Ohio, a member operating company) at Cincinnati, Ohio; floor space 80,000 sq. it.

Kobe Plant—Situated on 6.4 acre tract of land, owned in fee, at Huntington Park, Cal.; floor space, 81.000 sq. ft. and Sevall plant located in Oklahoma City, Okla., occupies about 20,000 sq. ft. of leased space.

Payne Plants—Principal plant at Beverly Hills, Cal.: contains 110,000 sq. ft. of factory space on a 4.6 acre tract, owned in fee. Owns additional property in Beverly Hills, Cal., and Santa Ana, Cal. Small branch plants at Long Beach, Passedena and Santa Ana, all in California.

Day & Night Mig. Plant—Located on 9.7 acres owned in fee at Monrovia, Cal.: floor space, 117,000 sq. ft. Additional 15,000 sq. ft. used for storage space.

Security Engineering Plant-Located at Whittier. Cal., situated on 3 acre tract with 46,500 sq. ft. of floor space.

Subsidiaries: As of Dec. 31, 1945, company held 100% voting control in following sub-

Subsidiaries: As of Dec. 31, 1945, company held 100% voting control in following subsidiaries:

Bevairé à Seyrang Manufacturing Co. (Pa.):
Founded 1891. Manufactures pumping engines, mud pumps, drilling rigs, jacks, "Powers", storage tanks and other miscellaneous gasand oil-field products and supplies; plus a line of allied accessories and equipment.

The Bryant Neater Co. (Ohio): Founded 1908; incorporated in Ohio, June 20, 1933. Manufactures gas-fired boliers, winter air conditioners, furnaces, unit heaters, space heaters, water heaters, conversion burners for residential, commercial and industrial heating. Slitica Gel De-humidifiers for control of humidity in industrial precision work and for comfort air-conditioning systems.

Clark Bros. Co., Inc. (M. Y.): Founded 1880. Manufactures gas, steam and diesel-driven engines and compressors of large size (200 to 4,000 BHP) supplied principally to oil and natural gas industries. Also marine and stationary diesel engines; and slush pumps used in rotary oilwell drilling as well as small oilwell pumping engines and similar equipment.

Day & Night Massifacturing Co. (Cal.): Founded 1909; incorporated in 1923 as Day & Night Mater Heating Co.; present title adopted in 1940. Manufactures water heaters, water coolers, custom work, galvanized products and space heaters.

In Oct., 1946 Day & Night Flare Corp. was liquidated into Day & Night Mig. Co.

Dresser Manufacturing Co., Ltd. (Ontario, Can.): Organized Sept. 24, 1931 to sell parent company's products in Canada.

International Derrick & Equipment Co., Can.): Organized Sept. 24, 1931 to sell parent company's products in Canada.

Manufactures centrifugal pumps; high pressure pumps and hydraulic pumping systems.

Kebe, inc. (Cal.): Founded in 1923. Manufactures perforated or sletted pipe, prepacked gravel liners, precision gauges, and hydraulic pumping sand hydraulic pumping systems.

Pacific Pumps, Inc. Mid-Continent Division.

Payne Furnace Co. (Cal.): Founded 1915: incorporated in California in Jan., 1945. Engaged in m

gaged in manufacture and sale of gas heating equipment for residential, commercial and industrial uses.

Roets-Connersville Blower Corp. (Ind.): Founded 1854. Manufactures blowers, exhausters, boosters and compressors for movement of air and gases in steel, gas, chemical and other industries; also air and liquid pumps, meters.

Security Engineering Co., Inc. (Cal.): Incorporated Jan. 25, 1937. Manufactures oil and well reamers, liners, drilling bits and fittings. Also a patented drillable alloy "Securaloy". Stacey Bres. Cas Construction Co. (Chie): Founded 1915. Produces dry and wet seal gas holders for municipalities and utilities. Isbricated vessels of all types for food, chemical and general industrial use; aiso Stacy-Dresser Engineering division designs and builds propane air and butane air plants, liquifaction and liquefied gas storage plants.

Affiliate: Hydrocarbon Research, Inc. (331/3%-owned) engages in experimental and development work on the engineering and commercial application of the "Hydrocoe" process for making gasoline from natural gas. Officers: H. N. Mallon. Pres.: J. B. O'Connor. Exec. Vice-Pres.; A. R. Weis, L. C. Harvey, C. P. Clerk, Vice-Pres.; R. E. Reimer, Sec. and Treas.; A. F. Witthinrich, Asst. Sec. and Treas.; A. F. Witthinrich, Asst. Sec. and Asst. Treas.: J. F. Simpson, L. P. Shipley, Asst. Sec.

Directors: W. V. Griffin, G. L. Ohrstrom, P. S. Bush, New York, N. Y.; W. A. McAfee, L. C. Harvey, H. N. Mallon, J. B. O'Connor, Cleveland, O.; C. P. Clark, Olean, N. Y.; A. R. Weis, L. Charvey, H. N. Mallon, J. B. O'Connor, Cleveland, O.; C. P. Clark, Olean, N. Y.; A. R. Weis, H. Untington Park, Calif.; Norman Chandler, Los Angeles, Calif.; O. M. Havekotte, Columbus, O.

Annual Meeting: Third Monday in March. Number of Employees: Oct. 31, 1946; Preferred, 494; common, 5,196.

Number of Employees: Oct. 31, 1946; Preferred, 494; common, 5,196.

Number of Employees: Oct. 31, 1946, 6,882. General Office: 1130 Terminal Tower, Cleveland 13. Ohio.

Unfilled Orders: Oct. 31, 1946, \$66,894,000; Dec.

ST. TOBO! GEO! DOO! A	<i>J</i> L. 34, 4821, <b>4</b>	~~,vvv,v <u>v</u> v.
Consolidated Incom	me Account	years ended
Oct. 31:	J) 1946	1945
Net sales	\$54,783,188	\$80,544,911
Cost of sales	44.513.768	63.689.27
Selling, etc., exp.	9.736,239	8,102,727
Operating profit	533.181	8.752.909
Other income	2 650.545	173.87
Total income	T.183.726	8.926.786
Interest	130.232	366,200
Other deductions.	47.191	19.38
Fed, income tax	761,000	729,000
Excess profits tax	51,000	5.645.000

	13:1949	1945
Can. & St. inc. tax	35,400	41.25
Dinc. tax adjust.	CT 837,000	Cr 115.00
Reneg. prov.	**********	300.00
Subsid. pfd. div		48.00
Pr. yr. tax adj. net	CT 41.332	cr 28.67
Net income	1,037,235	1,921,62
Preferred divs	225,000	
Com. dividends	328,541	1,407,05
Surplus for year.	483.694	514.57
Prev. earn. surp.		
	6,676,146	6,483,33
Accel. amort., net		73,543
Pid. stk. expense		40.919
Pid. stock prem.	28,000	******
Credit		21.250
Pr. yr. reneg., net	~~~~~~	₩230.558
	6137.515	
Earn. surp., 10-31.	7,131,840	6,676,146
Earn., pfd. share.	\$17.46	<b>\$32.03</b>
Earn., com. share	0.74	1.80
No. of pid. shares	59,400	60,000
No. of com. shs	1.095.137	1.060.039
DAfter depreciation		-+100.1046
Marian debrecming	if and announce	***********************

IllAfter depreciation and amortization: 1946, \$951.716: 1945, \$1.575.017.

Elincludes \$205,103 realized from sale of investments in Van der Horst Corp. of America and Gulf Plains Corp.

Elincludes operations of Security Engineer-

Earn. on Com. [3]\$4.73 5.53 [3]\$.16 3.01 3.57 2.55 0.18 1944 1943 E 1942 1941 11,833,753 1,196,683 765,612 53,212 Dec. 31:

Cash
U. S. tax notes
Receivables, net.
Income tax ref.
Post-war tax ref.
War contr. claim.
Dinventories 18,498,080 Total current.
Land, bldgs., etc..
Depreciation
Net property
Emerg. plt. facil..
Amortization
Net emerg. facil.
Patents \$30,429,063 18,450,598 8,573,342 9,877,256 2,357,335 2,357,335 Patents
Afill etc. cos. inv.
Tax claim
Misc. receiv., etc..

Deferred charges.	300,093	304,125
Total Liabilities:	\$41,715,871	\$42,966,831
V loan payable Notes payable	\$7,075,000	\$6,328,190
Mar contr. liabil.	5,357,594	4,751,628 654,654
Accruals	1.692.990 1,450.028	1,760.551 <b>(</b> )3,514,535
Total current. Subs. pfd. stock	\$15,575,612	. \$17,209,558 \$12,000
3%% pfd. (\$100) Com. stk. (\$0.50)_	5,940.000 547.568	6,000,000 530,030
Capital surplus Earned surplus	12,520,851 7,131,840	11,739,097 6,676,146

Total \$41.715.871 \$42.966.831

Net current assets \$41.853.451 \$17.222.387

If After deducting \$3.362.935 U. S. tax notes.

But lower of cost or market; and in 1945

after \$179.061 advance contract payments.
Accounts certified by Ernst & Ernst.

Lean Agreement: Under date of Nov. 15.

900.000 (not less than \$5.000.000) from New
York Trust Co., Bank of America N. T. &
S. A., San Francisco; National City Bank of
Cleveland and Brown Brothers Harriman &
Co., New York; subject to approval of stockholders at annual meeting held Mar. 17, 1947.

Loan is evidenced by unsecured negotiable notes maturing annually Dec. 1, \$375.000, 1947
55, incl., and balance of \$4.125.000 in 1956.

Notes bear annual interest according to maturities as follows (years incl.): 1947-48, 1½%:

6,676,146

\$42.966.831

\$42.966.831

\$42.966.831

\$42.966.831

\$42.966.831

\$42.966.831

\$17.222.387

ior any stock having priority or with; or (4) dispose of, or per sidilary, any funded debt or subsidiary, any funded debt or subsidiary, unless (a) all owned or stock of such subsidiary is sidilary, unless (a) all owned or stock of company or its subsidiary, unless (a) all owned or stock of company or its subsidiary is sidilary, unless (a) all owned or stock of company or its subsidiary, unless (a) all owned or stock of such subsidiary is sidilary, unless (a) all owned or stock of such subsidiary is sidilary, unless (a) all owned or stock of such subsidiary is sidilary, unless (a) all owned or stock of such subsidiary is sidilary, unless (a) all owned or stock of such subsidiary, unless (a) all owned or stock of such subsidiary, unless (a) all owned or stock of such subsidiary, unless (a) all owned or stock of such subsidiary, unless (a) all owned or stock of such subsidiary, unless (a) all owned or stock of such subsidiary, unless (a) all owned or stock of such subsidiary, unless (a) all owned or stock of such subsidiary, unless (a) all owned or stock of such subsidiary, unless (a) all owned or stock of such subsidiary, unless (a) all owned or stoc

1949-50, 124%; 1951-54, 2%; 1955 and \$175.00

1955, 214%; Dalance of \$3,750,000 due 1954 in 1955, 2000 due 1955, 2000 due

Capital Stock: 1. Dresser Industries, 13/2% cumulative convertible preferred; 5100:

37476 Garding St. 120,000 shares; the AUTHORIZED—All series, 120,000 shares; the series outstanding, this series Series, 60.000 shares; outstanding, this series, 60.000 shares; 600 shares retired; par \$100. PREFERENCES—Has preference for a

Section Shares: 600 shares retired; par \$100.

PREFERENCES—Has preference for assess and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends at rate of \$3.75 per share annually payable quarterly Mar. 15, etc., cumulative from Sept. 15, 1945.

DIVIDEND RESTRICTION—Company may not pay any dividends (except in immesshares) or make any distribution on, or sequire for value or provide for redemption of junior stock, if (1) thereafter total of all following the stock of junior shares subsequent to Oct \$1, 1944, exceeds the sum of (a) consolidated net income from and after such date, (b) \$1,000,000 and (c) net proceeds from sale after such date of junior shares; or (2) as of Apr. 8 or Oct. \$1 next preceding, and after giving effect to all such disbursements after such date, the sum of the par or stated value of all junior stock plus consolidated surplus is less than 150% of the sum of consolidated funded debt and involuntary liquidation value of all preferred and stock having priority aparity therewith.

DIVIDEND RECORD—Initial dividend of \$12, cents paid Dec. 15, 1945 and quarterly therefiter.

VOTING RIGHTS—Has one vote per share

parity therewith.

DIVIDEND RECORD—Initial dividend of styles.
Seyrang

343, 34.78.

While an amount equal to dividends for one year is in default preferred, voting separately year is in default preferred voting separately year is in default preferred. (3) reclassify preferred; (4) rights of such series.

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LIQUIDATION RIGHTS—In liquidation, en-titled to \$100 per share if involuntary and to redemption price if voluntary, plus accrued dividends in all cases.

CONVERTIBLE—Into common prior to Sept. 15, 1955 (or if called, to redemption date) on basis of 2½ common shares for each preferred share, with serip for fractional shares. Conversion rights protected against dilution.

CALLABLE—As a whole or in part on at callable—As a whole or in part on at call 30 days' published notice at any time to test 30 days' published notice at any time to test 30 days' published notice at any time to test 150. Incl., as follows, per share, plus divisends: 1950, \$107.50; 1955, \$105, and at \$104 sends: 1950, \$107.50; 1955, \$105, and at \$104 sends: 1950, and at \$104 sends: 1950, and at \$104 sends: 1950 at a sinking fund which see, at \$103 per share. Not less than all which the 1955, incl., an amount (to extent of the to 1955, incl., an amount (to extent of the to 1955, incl., an amount (to extent of sends) sufficient to proceed the extent of sinking less at \$103 per share. 1% of all 3%% preserved theretofore issued; any balance not so send funds.

On or before each Oct. 15 beginning 1956, on pany shall retire \$% of all 3%% preserved sends prior to close of next preceding fiscal year sends preferred dividends) for presending fiscal year is less than required amount, such sum shall be so applied and deficit shall be cumulative. Credit may be taken for excess sentements.

returnulative. Credit may be taken for excess retirements.

ADDITIONAL PREFERRED—May be issued in series with dividend rate and other provisions as fixed by directors subject to prescribed imitations.

PURPOSE—Net proceeds to redeem 6% preferred of a subsidiary and to pay short term hank loans (see page 2673); balance for additions to plant and equipment and working

gons to plant and equipment and working capital.

OFFERED—(60.000 shares) at \$103 per share on Oct. 16, 1945, by a syndicate headed by Earriman Ripley & Co., Inc., New York.

TRANSFER AGENT—Brown Bros, Harriman & Co., New York.

REGISTRAR—City Bank Farmers Trust Co.,

New York. LISTED—On New York Stock Exchange. PRICE RANGE—1948, 116-91; 1945, 113-111 %. 2 Dresser Industries, Inc. common; par 50

2. Bresser Industries, Inc. common; par 30 cents:
AUTHORIZED — 2,400.000 shares (increased from 335.000 shares to 350.000 shares, June 14.
1944; to 600.000 shares, Oct. 23, 1944; to 2,400.000 shares, Mar. 27, 1945); issued and outstanding, Dec. 31, 1945, 1.095.137 shares; reserved for conversion of preferred, 150.000; par 50 cents (changed from no par to par 31, Oct. 23, 1944; to par 50 cents, Mar. 27, 1945, on a two-for-one spilt).
ISSUED—(350.000 shares) in Dec., 1938, to holders of S. R. Dresser Mfg. Co. class A convertible and class B stock and Clark Bros. Co. common on basis of two shares for each old class B share of S. R. Dresser Mfg. stock and five shares for each old common share of Clark Bros. Co. stock. 50,000 of these shares were held in the treasury, and in Oct. 1940, 35,000 treasury shares were exchanged for entire common stock of Pacific Pump Works, and in June. 1944, remaining 15,000 treasury shares were sold to private investors.

Issued 103,000 shares (par 31) in Nov., 1944 in connection with acquisition of International-Stacey Corp.

Issued 103,000 shares (par \$1) in Nov.. 1944 in connection with acquisition of International-Stacey Corp.
Issued, early in 1945, 154,658 shares (par \$0 cents) in connection with acquisition of following companies: Kobe, Inc. (69,188); Payne & Furnace Supply Co., Inc. (41,527); Day & Right Mfg. Co. (34,534); Roko Corp. (8,510).
Issued Nov. 1, 1945, 35,078 shares in acquisition of Security Engineering Co., Inc.
DIVIDEND RESTRICTIONS—See 334% preferred (No. 1) and loan agreement, above..
DIVIDENDS—On no par: 1938, 75 cents; 1946, 2: 1941 and 1942, \$1,50; 1943 and 1944, \$1; on \$1 shares; 1944, \$1; on 50 cent shares: 1945, \$1,20; 1945, none.

shares: 1944, \$1; on by cent sale.

1946, none.

TRANSFER AGENTS—Brown Bros. Harriman
& Co., New York, and Bank of America N. T.
& S. A., Los Angeles.

DIVIDEND DISBURSING AGENT—Brown
Bros. Harriman & Co., New York.

REGISTRARS—City Bank Farmers Trust Co.,
New York, and Security-First National Bank,
Los Angeles.

New York, a Los Angeles. LISTED—On -On New York and Los Angeles Stock

TAITER DE LE VISION A RADIO CORP.

History: Incorporated in Delaware Dec. 13. 1833 as successor to Farnsworth Television Inc. (California company). Holders of California company's stock received 46 shares of new company's stock for each share held. As of Feb. 28. 1939 acquired assets of Capehart Inc., and on March 20. 1939 nurchased plant equipment and inventories of General Bousehold Utilities Co.

Farnsworth Television, Inc. of Pa., a wholly-owned subsidiary, was dissolved in 1943.

On Sept. 1. 1939, company and Radio Corp. of America entered into patent license agreements whereby each party acquired the right upon payment of royalties to use the inventions of the other in the fields of television and in other fields of their respective businesses. R. C. A. acquired an non-exclusive license from Farnsworth for television receivers, transmitters and other apparatus. Farnsworth acquired standard, non-exclusive

license from R. C. A. for broadcast and television receivers, electrical phonographs and other apparatus.

On July 20, 1945 acquired Halstead Traffic Communication Corp. (N. Y.) and subsidiary. Halstead Manufacturing Corp.

Business: Engaged in research and development in the field of electronics, including television and in licensing others to use its patents and inventions, and in manufacturing radio, radio-phonograph combinations, television and allied electrical apparatus.

Set sold under names Farnsworth, Panamuse and Capehart. Distribution system comprised about 75 wholesale distributors and 3,000 retail dealers.

Preperties: Research laboratories are located at Fort Wayne, Ind., plants at Marion, Bluffton, Huntington and Fort Wayne, Ind.; floor space, 330,000 sq. ft.

Also owns radio station WGL at Fort Wayne, which was acquired in Dec., 1944.

Officers: J. B. McCargar, Chairman: E. A. Nicholas, Pres.; Ernest H. Vogel, B. R. Cummings, Vice-Pres.; J. P. Rogers, Vice-Pres. & Treas.; E. M. Martin, Vice-Pres, and Sec.; P. H. Hartman, Asst. Treas.; F. A. Barr, Asst. Sec.; J. L. Bubul, Compt.

Directors: J. B. McCargar, E. A. Nicholas, P. T. Farnsworth, George Everson, B. A. Howe, J. F. Wharton, L. S. Gilmour.

Annual Meeting: Third Wednesday in Seot. No. of Stockholders: Dec. 31, 1946, about 10,-500.

No. of Empleyees: Dec. 31, 1946, about 10,-500.

No. of Employees: Dec. 31, 1946, 2,500. Office: 19-21 Dover Green, Dover, Del. General Office: 3700 East Pontiac St., Fort Income Account, years ended Apr. 30:

	1946	1945
Net sales, etc	3320,325,318	III\$33,766.073
Costs & expenses	19.725.488	29,939,821
Deprec. & amort	326.094	280,151
Operating profit .	273.736	3.546.102
MOther income	283,798	2FB.931
Total income	557.534	
		3.815.033
Other deductions.	336.344	221.648
Fed. income tax.	134.000	244.000
Excess prof. tax .		2.396.000
Post war, etc., res.	<b>⊈icr</b> 375.000	*******
Tine. tax adj	cr 14,000	
Net profit	476.190	TT 953.385
Prev. earn. surp	2.211.190	1.257,805
Pr. yr. inc. tax	350.078	
Invent, res.	cr 100.000	
MPatent adj	cr 16.830	
Earn. surp., 4-30	2.454.132	2.211.190
Earned per share	\$0.29	(T)\$0.67
No. of shares	1.668.568	1.411.997
MAfter renegotiat	ion provision	on basis of

1944 settlement.

Blincludes \$40.106 (1945, \$3,344) net income of radio station WGL.

[Fincludes \$8,042.187 contract termination

claims.

@Return to income of post-war, etc., reserve to offset, in part, costs charged against
current year income—less related tax reduc-

current year income—ress tions.

IResulting from unused excess profits credit; included in net profit below.

TRevised net profit, after prior year adjustments, amounted to \$885.593, equal to \$0.63 per profits.

ments, amounted to be share share.

Tradiustment of patent account to conform with findings of Bureau of Internal Revenue. Note: Company has been advised that renegotiation proceedings for 1946 fiscal year have been cancelled, and no further action is contemplated.

contemplated.
Gapital Surplus Account, year ended Apr. 30, 1946: Balance. May 1, 1945. \$2.782.182. Add: Excess of option price over par value of 6.000 common shares sold under option agreements. \$30.000: excess of market price over par value of 31.000 common shares issued in acquisition of Haistead Traffic Communications Corp.. \$434.000: excess of market price over par value of 219.571 common shares sold for cash. \$2,450.293: total, \$5.896.481. Deduct: Expenses of stock issuance. \$140.548; balance, Apr. 30, 1946. \$5.555.934.

\$0.000.00T.		
Earnings, years end	led Aur. 30:	
Grei		Earn.
		on Com.
Incon		
1944 \$39.806.79		<b>113</b> 0.72
1943 26.583.30		<b>1</b> 0.66
1942 10.433.11	19 642.237	0.46
1941 5.165.90	5 d 181.857	₫ 0.13
MAfter renegotiation		1943, \$0.60.
Balance Sheet, as o		
Assets:	1946	1945
		23.219.440
Cash	\$1.885.519	
U. S. Treas. ctfs	1,704.281	2.131.488
Receivables, net .	265.531	3,641,267
Contr. term. cims.	1,914,233	122.777
Reneg, rebates	63.411	******
MInventories	2,560,028	6.707,197
2		
Total current	38,394,122	315.822.270
Land, bldg., etc	1.632.382	1.579.822
Depreciation	364.041	458.168
Net property	1.259.541	1.121.634
Patents, net	1.253.984	1.054.284
Goodwill, net	137.635	183.513
Other assets	18.870	19.852
		559.071
Post-war tax refd.		
Insur cash value	17.613	10.347
Deferred charges	246.666	25.287

\$11,338,430

Total

Liabilities: Notes payable Accounts payable (Fed. inc. taxes Accruals	1946 \$843.091 568.601 94.208	1945 \$6,000,000 2,911,475 2,670,720 279,826
Total current Post-war, etc. res. Other reserve Com. stock (\$1) Capital surplus Earned surplus	\$1,505,900 153,897 1,668,568 5,555,934 2,454,132	\$11,862,020 375,000 153,897 1,411,997 2,782,182 2,211,190
Total	E11 338 430	\$18 796 287

Accounts certified by Ernst & Ernst.

Capital Stock: Farmsworth Television & Radio Corp. stock: per 31:

AUTHORIZED—2.000.000 shares; outstanding, Dec. 31, 1946, 1.558.568 shares; reserved for options and warrants, 88,000 shares; par \$1.

VOTING RIGHTS—Entitled to one vote per

options and warrants, 88,000 snares; par \$1. VOTING RIGHTS—Entitled to one vets par share.

PREEMPTIVE RIGHTS—None.

DIVIDENDS PAID—None.

OFFERED—800,000 common shares offered at 35 per share on Mar. 28, 1939 by E. R. Rolling & Sons. Inc., Eastman. Dillon & Co., W. E. Hutton & Co., Riter & Co. and Kuhn. Loeb & Co., New York: H. M. Byllesby & Co., Inc., Chicago; Wm. Cavalier & Co., San Francisco, and O'Melveny-Wagenseller & Durst, Loe Angeles. Proceeds used for research, plant acquisition, etc., and working capital.

12.217 unsubscribed shares offered Mar. 6, 1946 at \$15.50 per share by E. H. Rollins & Sons, Inc. and Eastman. Dillon & Co., New York. Proceeds used for additional plant and facilities and working capital.

TRANSFER AGENTS—Kuhn. Loeb & Co., New York. New York, and American Trust Co., San Francisco.

October, 1928.

In Jan., 1929. company acquired Michigan Screw Co. In Sept., 1929. completed the purchase, as of June 30, 1929. of the assets and business of Superior Screw & Bolt Mfg. (Cleveland), makers of specialized bolts and high-carbon cap acrews by the upset head

mign-carbon cap screws by the upset has of process.

Michigan Screw Co., incorporated in Michigan, Aug. 20, 1931, and Superior Screw & Bolt Manufacturing Co., incorporated in Ohio, Sept. 24, 1923, both inactive, wholly owned subsidiaries were dissolved in 1941.

Rusiness: Manufactures various acrew machine products: nuts. bolts. screws, etc. Company's principal customers are automobile manufacturers.

pany's principal customers are automobile
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2.

	1946	1945	
Inc. & prof. tax Net income Common divs Surplus for year.	68.200 101.149 106.645	147,000	c
Net income	101 149	219,424	7
Common divs	106 645	18 410	- `
Surplus for year	d 5.496 845.553 [141.267 [146.722 845.513 3.03	18.410	-
Earn, surplus, 1-1	015 559	440 710	
	013.033 FE 41 267	945.115	Ŀ
Credits	46.799	Q 922.133	E
Credits Earn. surpl., 12-31 Times int. earn.	18 40.722	1411.117.974	- 1
Earn. surpl., 12-31	943.313	845,553	
Marines int. earth.	3.03	5.25	I
Earn., com. mare	\$0.03	\$1.49	S
Earn., com. share No. of com. shares Defore income and Prior years' rene ing \$258,733 applicable	147,283	18,410 201,014 448,719 [7 922,153 (1),117,974 845,553 5,25 \$1,49 147,263	CCTCFEIALSL
Tiperore income and	pronts taxe	<b>S</b> .	P
[3] Prior years rene	gouation, art	er deduct-	P
ing 5258,733 applicable	e income tax	es.	ñ
[]Prior year adjustr	nents (loss of	n buildings	Ē
and editibueur Lebia	ced, 5134,790;	provision	Ē
for refunds relating to	ceiling pric	e war con-	Ē
tracts, \$400.936; addit	ional deprec	iation, in-	Ē
cluding special, \$377,1	94), \$912.921;	loss (after	
charging \$8,772 to de	preciation re	eserve) on	
land, buildings and	equipment	sold or	
scrapped in 1945, \$9.23	32; total, \$922	.153.	iı
<ul> <li>Prior year adjustn</li> </ul>	nents (reduct	ion of pro-	••
vision for income an	d excess pro	ofits taxes.	
\$359,279; reduction of i	inventory res	erve under	_
Excess Profits Tax Ac	t. \$148.083; ca:	pitalization	Ť
of major repairs and	replacement	s incurred	C
for war contracts di	sallowed as	charres to	Α.
operations, \$607,944).	\$1.115.306: pr	ofit on re-	þ
demption of company	's own debe	ntures and	-5
on sale of securities a	nd sundry ac	liustments.	Ĭı
\$2.668: total, \$1.117.974.		.,	
igprior years reneging \$258,733 applicable igprior year adjustrand equipment repla for refunds relating tracts, \$400,936; addit cluding special, \$377,1 charging \$8,772 to de land, buildings and scrapped in 1945, \$9,2.  igprior year adjustration for income an \$359,279; reduction of fexcess Profits Tax Acof major repairs and for war contracts dioperations, \$607,944), demption of company on sale of securities a \$2.668; total, \$1.117,974.  ignicities \$36,029 prior year excess pro Balance Sheet, as e Assets:	refundable i	portion of	-
prior year excess pro	fits taxes.	,	P
Raisnee Sheet, as o	f Dec. 31:		υ
Assets:		1945	
Cash	\$29,506 434,595	\$8 350	Ļ
Receivables	434 505	347 891	M
Minventories	2,664,017	1945 \$8.350 347.891 2017.777	LME D
Dom. of Can. bds.		200,000	D
Dom. of Cam. bus.	*******	200,000	
Total current	\$3.128.118	\$2.574.018	
Total current. Plant and equip	4 480 100	4 241 428	
Depresiation	9.400,104	2.221,763	A
Depreciation	4.480,182 2.305,229 2.174,953	4.341.425 2.250.117 2,091.308	F
The Dioperty	44.000	2,031,308	Α
Inv. & adv., sub Mtge. receivable _ Exc. prof. tax ref.	44.090		W
Tro prof toward	6.893		D
Defended charges	36.029	17.816	AFAVOE
Deferred charges.	15.932	11.010	
Tatal .	PT 400 016	£4 CC2 141	
Total	\$5,406,016	\$4,683,141	Iı
Liabilities:	6000 FF6	2011	E
Accts. pay., etc	<b>\$269.653</b>	\$211,371	- 12
Accts. pay., etc Bank loan Accrued interest.	1.125.000	396,000	
Accrued interest.	1.125.000 39.340 29.457	\$211.371 396.000 40.380	
Divs. payable	29,457	18.410	
Bonds due	20.000	50.000	
Price contr. ref	111.354 18.200	50.000 64.337	N
TRes. for taxes	18,200	72,990	
Total current.	\$1,643,004	\$853,489	15
Contingency res	200,000 51,251 550,000	200.000 51.351	
Bad debt reserve	51.351	51,351	
Ser. bds. '47-'54	550,000	600,000	fı
Bad debt reserve Ser. bds. 47-54 Debs. 5s. 1964 [3]Common stock_ Earned surplus	1.198.600 917.548	600.000 1.215.200 917.548	
[F]Common stock.	917.548	917.548	P
Earned surplus	845.513	845,553	
			å
Total	\$5,406,016	\$4.683,141	œ
Net current assets	\$5.406.016 \$1.485.114	\$1,720,529	_
TAI lower of cost of	ar wassbat la		D
[3] 147,283 no par shar [3] Less installments Accounts certified, 1	-, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
Miese installments	naid		19
Accounts partified 1	PE BASE P.	Some	01
Accounts certified, I	r. a. Russ ox	GUIIS.	in
DRAVO CORP.			SIS
			Š
Consolidated Income Dec. 31:	s weconut A	sarz śwasą	ge
Dec. 31:	1946	1945	
Net sales	\$20,647,225	\$72,589,906	

Consolidated Income		
Dec. 31:	194G	1945
Net sales	\$20,647,225	\$72,589,906
Cost of sales	17,060,757	62,804,856
Selling, etc., exp.	2.895.975	2.404.870
Operating profit	690.493	7.380.180
Other income	181.675	150,970
Total income	872.168	7,531,153
Misc. deductions.	3.233	34.899
Inc. & prof. tax	371,600	4,647,525
Extrd. chgs. net	cr 213,115	891.495
Minority interest.	55.449	24.33
Net income	655,001	1.932,899
Preferred divs.	130.666	Not stated
Common divs	491.719	*****
Surplus for year:	32.617	
Earn. surplus, 1-1	13,609.826	
Security res	CT 58.030	
Pfd. retire, prem.	23.578	
Earn. surp., 12-31.	13,676,895	
Earn., pfd. share.	\$10.98	\$26.47
Earn., com. share	1.06	3.49
No. of pfd. shares	59.663	73.01.
	492,326	493,034
No. of com. shares		
Note: Company is s	ubject to i	enegotiation
for 1945 but helieves n	O SYCAREIVA	DICTION OF THE

for 1945, but believes no excessive profits were realized.

### DRESSER INDUSTRIES, INC.

Refunding Approved: On March 17, 1947. stockholders voted to increase authorized long-term indebtedness to \$7,500,000, permitting company to negotiate a long-term loan aggregating \$7,500,000 to retire present shorterm loans and provide additional working capital.

#### DUCOMMUN METALS & SUPPLY CO. e anded Dec 21:

Net sales	1946 \$16,369,004	11945 1 \$15,279,137
Reneg. refund Balance	16,369.004	153,250 1 15,125,887 1
Cost of sales Selling, etc., exp.	12,622,501 2,314,830	11,806,389 1 2,204,634
Emn neafte there	124 479	106.531

	1946	TT1045
Operating profit .	1,307,194	①1945 1.008.332
Other income	169,609	1,008,352
Total income	1.476.803	137.634 1,145.966
Other deductions.	12,267	7,143,300
Fed. income tax	561.025	13,153
Excess profits tax.	301,023	106.236
Inventory res.	300,000	726,308
Net income	602.150	300.270
Dividends	602.150 357,375	145,000
Surplus for year	246.135	155.270
Depreciation res.	cr 223.554	133,210
Pr vr tav ref	cr 11.616	
Pr. yr. tax ref Pr. yr. reneg	CT 5.063	******
TCredit	G9.332	
Debits	21.563	
Earn surn 1-1	2.092.375	1 937 106
Earn. surp., 1-1 Earn. surp., 12-31.	2,626.534	1.937.105 2.092,375
Earn, com. share.	\$1.24	\$0.62
Based on 487,500 she	res.	40.00
Earn. com. share. Based on 487.500 sha in From SEC report		
Proceeds of insu	rance on life	of officer
in excess of cash sur		<b></b>
Balance Sheet, as of	Dec. 31:	
Assets:	1946	<b>2</b> 1945
Cash	\$425,372	\$273.336
U. S. tax notes		50.025
Receivables, net.	1.923.575	1.372.601
Inventories	3.892,840	2.433.770
Post-war tax ref	******	78.59
Income tax ref		36,473
Total current.	\$6,241,787	\$4,244,798
Prop. plant, etc	1.223,125	1.210.794
Depreciation, etc.	304.350	484.587
Net property	304.350 918.775	726.206
Life ins cash val.		87.214
Misc. secur.	2	2
Emp. stock acct	103.519	
Deferred charges.	124,602	122,76%
Total	\$7,388,686	\$5.180.949
Liabilities:		
Accounts payable	\$1,233,124	\$695,602
Fed. income tax	561.025	942.883
Accrusts	168,068	154.136
WAT COULT, CHAIMS		196,551
Dividend payable Emp. pr. of shar.	82,875	
Emp. pr. of shar.	124,479	106,531
Total current.	\$2,169.572	\$2,095,704
Inventory res ECapital stock	300,000	
☑Capital stock	1.200.000	950.000
<b>▼Capital surplus</b> .	1.092,580	
Earned surplus	2,626,534	2,135,285
-		
Tetal	87 700 606	er 100 000
Total	\$7.388.68£	\$5,180.989
Net current assets	\$4.072.215	\$2,149,094

Net current assets \$4,072,215 \$2,149,094

MAt lower of cost or market.

MRepresented by shares: 1946, 487,500 par \$2;
1945, 7,250 par \$100.

Mrom SEC report.

Arising from excess of proceeds received from sale of common shares over aggregate par value thereof less expenses applicable

Accounts certified, Barrow, Wade, Guthrie

### DUN & BRADSTREET, INC.

Acquires Building Site: Company in March.
1947, acquired a site at downtown New York
on which it plans to construct a 12-story building. The new building will front on Church
Street and extend from Park Place to Barclay
Street. Building program is not expected to
get under way until 1148.
Common Split Appreved: On May 15, 1947,
stockholders voted to increase authorized no
par common stock from 550,000 to 1,200,000
shares, to effect a 2-for-1 split of outstanding
480,000 shares. Split became effective as of
close of business May 15, 1947.

### DUPUIS FRERES, LIMITEE Income Account, years ended Jan. 31:

	1947	1940
Operating profit	\$1,418,047	\$1,146,809
Depreciation	142.021	131.384
Inventory res	18.883	13.328
Net earnings	1.257.143	1,002.097
Other income	6.903	6.916
	1.264.046	1.009.013
Total income	38.998	38.275
Mtge, interest		
Inc. & prof. tax	719.397	754.807
Net profit	505.651	215.932
6% pfd. divs	35.396	70.950
4.8% pfd. divs	40,200	
Surplus for year.	430.055	144.982
Previous surplus.	747.941	Not stated
Credits	<b>155.853</b>	
Debits	(T) 124,285	
Surplus, 1-31	T.209.565	
Earn., pfd. share.	\$7.55	\$13.53
Earn., com. share	20.88	
No. of pfd. shares	67.000	
No. of com. shares	20.000	20.000
Tincludes \$83,750		
Titteinner sositan	premium rece.	raen on seie

uincludes \$83,730 premium received on sale of preferred shares and \$45.560 profit on sale of investments.

[2] Includes \$117,920 premium paid on redemption of 6% preferred shares.

Balance Sheet, as of Jan. 31:

Assets: Receivables 1947 ∰\$714.765 452,521 Emp. bond sect... Investment, cost ...... 693.489 1,679,567

Total current.

\$3.540.341

Assets (Conta)	1947	1946
Land, bldgs., etc	3.774.032	1746
Depreciation	1.695.490	3.558.51
Net property	1.050.490	<b>3</b>
Conducti	2.078.542	
Goodwill	1.239.920	1,239,92
Insur. deposit	32.490	
Life ins., cash val.	77,014	31.79
Exc. prof tax ref.	446.555	73.789
Deferred charges.		446.55
Did similar fee	69,961	51.33
Pfd. sinking fund		353,18
Total	\$7.484.823	\$8.831.942
Liabilities:	***************************************	-0.031,347
A sold Dillities;		
Accts., etc., pay	\$648,682	\$531.610
Divs. payable	20.100	17,72
Mige payable	26.750	41,14
Uncl. dividends	20.150	******
Tax provision	******	964
MILEY PLOVISION.	433.865	569,574
Total aumont		
Total current.	\$1.129.397	\$1,319,871
Mortgages	816.478	825.030
Depreciation res.	<u> </u>	1.556.39
Doubt. acct. res	<u> </u>	1.330.338
Inventory res.	<u> </u>	124,743
Time inc.	153.694	134,811
Five ins. res	32.490	31.799
Other reserves	21.644	. 48,244
4.8% pfd. stk. (\$25)	1.675,000	. 40,444
6% pfd. stk. (\$100)	2.0.0,000	# 122.000 m
Com. stock (\$100)	5 444	1.595.500
Commission (SIVV)	2.000.000	2,000.000
Surplus	1.209.565	747.841
Exc. prof. tax ref.	446,555	446.555
		A-10.043

Access (none'd)

Total S7.484.823 \$8.831.842
Net current assets \$2.410.944 \$1.716.969

[DAfter \$120.935 doubtful account reserve.]

These payments on account.

Thom in liabilities, below.

Deducted from assets, above.

Accounts certified, Campbell, Glendenning

DUREZ PLASTICS & CHEMICALS, INC.
Funded Debt: 1. Durez Pisstics & Chemicals,
'nc. sinking fund debenture bs; due 1967:
AUTHORIZED—\$4.000,000; outstanding. \$4.000,000.
DATED—Feb. 1. 1967.
MATURITY—Feb. 1. 1967.
INTEREST—F&A 1 at office of trustee. Principal and interest payable in U. S. legal tender.
TRUSTEE—Marine Trust Co., Buffalo.
DENOMINATION—Coupon, \$1.000 and multiples; interchangeable; registerable as to principal.
CALLABLE—As a whole, or in part by lot in multiples of \$10.000, on not less than 30 nor more than 45 days' published notice at any time to each Feb. 1 incl. ns follows:
1951—104 1952—1034 1955—1034
1955—1021 1958—1024
1957—1021 1958—1024
1957—1021 1958—1024
1958—1034 1961—1014 1955—1004
1965—1001 1964—1004 1965—10019
1966—1004 1967—100
Also callable for sinking fund (which see) at 100.
SINKING FUND—Annually Feb. 1, 1950—66.

1963... 101 1964... 1003 1965... 10013 1966... 10014 1967... 100 Also callable for sinking fund (which see) at 100.

SINKING FUND—Annually Feb. 1. 1950-66, incl... a sum equal to 514% of remainder of 84-001.000 after deduction of par of debentures therefore retired and cancelled (other than through sinking fund), not previously so utilized. Debentures previously issued and reacquired (other than through sinking fund) may be tendered at lesser of cost or par in lieu of cosh. Requirements may be anticipated for not to exceed net earnings (as defined) accrued after Sept. 30, 1946, after deduction of all dividends and distributions on and acquisitions (except from proceeds of stock) of common stock. Cash in sinking fund to be used after 40th day prior to each sinking fund payment date to redeem or purchase (if so directed by company) bonds pursuant to call for tenders: any balance not so applied in sinking fund on any Mar. 1, if more than \$10,000, to be used to redeem debentures on or before next following Mar. 15. Debentures so acquired to be cancelled.

SECURITY—Not secured by any lien.

CREATION OF ADDITIONAL DEBT—Company will not nor permit any subsidiary (except to company) to (1) create. assume or guarantee any additional funded debt. unless immediately thereafter (a) consolidated net tangible assets; and (b) consolidated net tangible assets; and (b) consolidated net earnings available for interest for any 12 consecutive months within 15 months next preceding are at least three times annual interest on all consolidated debt to be outstanding; nor (2) create or suffer any encumbrance on property or assets now owned or hereafter accoursed, except with consent of 75% of debentures, other than (a) for taxes, workmen's compensation, insurance, statutory obligations, mechanic's liens, surety, stay or appeal bonds, bids, contracts (other than for money borrowed), or qualification; or (b) purchase compensation insurance, statutory obligations or refunding thereof) not to exceed \$500000 at any one time outstanding.

C

\$1,357,948
\$3.036,840
\$standing.
Company covenants to maintain net current
assets at not less than \$1,500,000.

BOTH RESTRICTIONS—Company will
not declare or pay any dividends (except in
common stock) or make any distribution on efacquire for value (except in exchange for exfrom proceeds of additional common issued

# MOODY'S MANUAL OF INVESTMENTS

AMERICAN AND FOREIGN

### INDUSTRIAL SECURITIES

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1948

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65 BROADWAY, NEW YORK 6, N.Y.

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| Present stock after 4 | 1921 | 1.50 | 1830 | 3.0 | 1932 | 3.0 | 1934 | 0.7 | 1935 | 1.25 | 1937 | 1.50 | 1937 | 1.50 | 1940 | 41 | 1.51 | 1947 | 4.20 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1948 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1. (Present stock after 4 for 1.60

Dividends payable quarterly, Mar. 10, etc., to stock of record about Feb. 24, etc.

PREEMPTIVE RIGHTS—Such as may exist under the common law of New York.

LISIED—New York Stock Exchange; unlisted trading on San Francisco, Los Angeles and Amsterdam Stock Exchanges.

DRESSER INDUSING

GAPITAL STRUCTURE

FUNDED DEET

INSTALL STRUCTURE

Amount

Charge Earned

Interes

List Industry notes, due 1862

For Outstanding

1. 31/5 Insue conv. preferred

List Insue conv. p 9614-80 M118 -80 23 -14 E3354-14 ERange since 1945.

assets were subsequently transferred to Payne Furnace Co. and Kobe, Inc., the old companies being dissolved.

On Apr. 2, 1945, acquired net assets of Day & Night Manufacturing Co. through exchange of latter's stocks for 34.534 Dresser common shares (par 50 cents) on following basis: (a) Two Dresser common shares for each 3 shares of Day & Night original preferred; (b) two Dresser common shares for each 4.9 shares of Day & Night 7% preferred; (c) two Dresser common shares for each 5.1 shares of Day & Night 5% preferred; (d) 2.2 Dresser common shares for each Day & Night common share. During first half of 1945, company purchased remaining 50% interest in Roko Corp. from Rodless Pump Co. through exchange of 5,000 Roko shares for 8,510 shares (par 50 cents) of Dresser common. As Kobe, Inc. owned other half interest in Roko. Dresser now wholly owns the latter. Roko has subsequently been dissolved and its assets transferred to Kobe, Inc.

On Nov. 1, 1945 acquired 100% ownership of Security Engineering Co., Inc. by exchange of 55.078 shares of Dresser common (par 50 cents) for the 61,385 shares of Security Engineering common.

In 1946 disposed of Van Der Horst Corp. of America holdings.

SUBSIDIARIES As of Dec. 31, 1947, company held 100% voting control in following subsidiaries:

Bovaird & Seyfang Manufacturing Co. (Pa.): Founded 1891. Manufactures pumping engines, mud pumps, drilling rigs, jacks, "Powers", storage tanks and other miscellaneous gasand oil-field products and supplies; plus a line of allied accessories and equipment.

for municipalities, industrial use, sing into projects.

Owns entire outstanding capital stock of Pacific Pumps. Inc.-Mid-Continental Division, distribution of "Pacific" pumping equirment.

Payne Furnace Co. (Cal.): Founded 1915: incorporated in California in Jan., 1845. Engaged in manufacture and sale of gas heating equipment for residential, commercial and industrial uses.

equipment for residential, commercial and industrial uses.

Roots-Connersville Blower Corp. (ind.):
Founded 1854. Manufactures blowers, exhausters booters and compressors for movement of air and gases in steel, gas, chemical and other industries; also air and liquid pumps, meters.

Security Engineering Co., inc. (Cal.):
Founded 1931: incorporated Jam. 25, 1937. Manufactures oil and well reamors, liners, drilling bits and fittings. Also a patented drillable alloy "Securaloy".

bits and fittings. Also a patented drillable alloy "Securaloy".

Stacey Bros. Gas Construction Co. (Ohio): Founded 1915. Produces dry and wet seal gas holders for municipalities and utilities, fabricated vessels of all types for food, chemical and general industrial use: also Stacey-Dresser Engineering division designs and builds propane air and butane air plants; liquefaction and liquefied gas storage plants, and plants for large volume production of oxygen.

AFFILIATE for large vo

Hydrocarbon Research. Inc. (33 1/3%-owned) engages in experimental and development work on the engineering and commercial application of the "Hydrocol" process for making gasoline from natural gas.

BUSINESS & PRODUCTS

Dresser Industries. Inc. is an affiliation of member companies, joined together by a common ownership, with kindred interests, coordinated products and related-markets, operating chiefly in the oil, gas and water and chemical industries.

The business is divided into two major lines—the Oil and Gas Equipment Division, which produces equipment used in drilling, trensporting and refining crude oil and natural gas. The Gas Appliance Division manufactures principally equipment for gas-fired residential, commercial and industrial heating and air conditioning.

PRINCIPAL PLANTS & PROPERTIES

air conditioning.

PRINCIPAL PLANTS & PROPERTIES

As of Dec. 31. 1947, principal plants of company and its subsidiaries were as follows:

Dresser Plant—Situated on 12.5 acres of land. owned in fee by company, at Bradford, Pa.;

floor space, 200,000 sq. ft.

Bryant Plants—Situated on 10 acre tract of land at Cleveland, O.; floor space, 105,000 sq. ft. Also leases plant in Cleveland with 60,000 sq. ft. Also leases plant in Cleveland with 60,000 sq. ft.

Clark Plant—Situated on 15 acres of land owned in fee at Olean, N. Y.; floor space, 217,000 sq. ft.

Pscific Plant—Situated on 5.5 acre tract of land owned in fee at Huntington Park, Cal.; floor space 80,000 sq. ft. Mid-Continent division plant is located at Tulsa, Oxis.

Bovaird & Seviang Plant—Situated on 4.9 (3.3 acres owned in fee and 1.4 acres leased) acre tract of land at Bradford, Pa.; floor space, 140,000 sq. ft.

International Derrick Plants—Located at Columbus, Delaware, and Exarietta, O.; Beaumont and Dalles, Tex.; and Torrance, Cal.

Total floor space 575,000 sq. ft. on 32½ acres of owned and leased land.

Rocts-Connersylle Plant—Situated on 13.5

mont and Dailas. Text.: and Torrance. Cal. Total floor space 575.000 sq. ft. on 32½ acres of owned and leased land.

Roots-Connersville Plant—Situated on 13.5 acre tract of land acweed in fee at Connersville, Ind.: floor space. 157.000 sq. ft.

Stacev Bros. Plant—Situated on 8.1 acres of land (5.5 acres owned in fee and 2.6 acres leased by Stacey Bros. Gas Construction Corp., Ohio. a member operating company) at Cincinnati, Ohio: floor space 80.000 sq. ft.

Kobe Plant—Situated on 6.4 acre tract of land, owned in fee, at Huntington Park, Cal.: floor space, 81.070 sq. ft. and Sevall plant located in Oklahoma City, Okla., occupies about 20.000 sq. ft. of leased space.

Payne Plants—Principal plant at Beverly Hills, Cal.: contains 110.000 sq. ft. of factory space on 2.4.6 acre tract, owned in fee, Owns additional property in Beverly Hills, Cal., and Santa Ana. Cal. Smell branch plants at Long Beach, Pasadena and Santa Ana, all in Callfornia.

Bonch, Passidena and Santa—Located on 8.7 formia.

Day & Night Mfg. Plant—Located on 8.7 acres owned in fee at Michrovia. Cal.; floor space, 117.000 sq. ft. Additional 15,000 sq. ft. used for storage space.

Security Engineering Plant—Located at Whittier, Cal., situate, on 3 acre tract with 48.500 sq. ft. of floor space.

MAMAGEMENT

4.500 sq. (f. of Roor space.

ANAGEMENT

Officers:

H. M. Mallon, President
V. E. O'Connor, Enec. Vice-President
Lyle C. Harvey, Vice-President
Arthur R. Weis, Vice-President
Arthur R. Weis, Vice-President
R. E. Reimer, Vice-Pres. Sec. & Areas.
A. F. Witthinrich, Asst. Sec. & Asst. Treas.
James F. Simpson, Assistant Secretary
L. Parks Shipley, Assistant Secretary
L. Parks Shipley, Assistant Secretary
Directors:
Prescott S. Bush, New York
Norman Chandler, Los Angeles
C. Paul Clark, Olean, N. Y.
William V. Griffin, New York
Lule C. Hervey, Cleveland, O.
Oscar M. Havekotte, Columbus, O.
H. N. Mallon, Cleveland, O.
William A. McAfee, Cleveland, O.
J. B. O'Connor, Cleveland, O.
Arthur R. Weis, Huntington Park, Cal.
Annual Meeting: Third Monday in March,
Number of Stockholders: Oct. 31, 1947; Preerred, 427; commen, 5,325.
Number of Employees: Oct. 31, 1947, 8,008.
General Office: 1130 Terminal Tower, Cleveand, 13, Ohic
Unfilled Orders: As of Jan. 31; 1943, \$57,000,00; 1947, 567,000,000: 1946, \$20,000,000.

Unfilled Orders: As of Jan. 31: 1948, \$57,000,-000; 1947, \$67,000,000: 1946, \$30,000,000.

PARTICIPATING PREFERRED STOCKS

All participating stocks in this Manual are listed (on blue paper) with details regarding the extent to which they participate in additional dividends. Users of the Manual will find this tabulation to be a convenient course of soft

1158	MO	ODY'S M	ANUAL	OF IN	PESTI	MENTS		
INCOME ACCOUNTS	COMPARATIVE	CONSOLIDAT	ED INCOME	ACCOUNT,	FISCAL Y	EARS ENDED O	T. 31	
Not cales		1947 \$80.095.199	1946 \$54,783.188	1945 \$80,544.911	1944 <b>\$54.9</b> 95.4	08 \$62,499,030	1942 \$28.796.687	[[]1941 \$11.777,30
Net sales Cost of goods sold	1 dm	60.033.069 12.481.958	44.513.768 9.736.239	€3.629.275	41.908.2	26 48.975.018	21.710.329	8.013.43
sell., engineering, gen.				8.102,727	3.948,4	_	2,352.031	1,691,22
可Operating profit sother income (net) 。		7,580,173 274,616	<b>533</b> ,181 <b>65</b> 0,5 <b>45</b>	8.752.909	9.138.6		4,734,317	2.072.64
<b>_</b>				173,877	64.2	_	48,080	52,56
Total income		7,854.789 179,983	1,183,726 130,232	8,926,786 366,200	9.202.9 385.5		4.762.397 105.517	2,125.20 8,22
nterest discellaneous other ded	uctions	17.960	47,191	19,384	8.4	37 5,281	5.944	18.26
ederal income taxes Federal excess profits	tay	2,856,000	761,000 51.000	729,000 <b>5.64</b> 5,000	560.0 5.777.0		720.000 2.200.000	424.90 <b>6</b> 24.70
anadian & state incom	e tax	54,700	35,400	41.250	53,0		32,400	83,25
Prior years and incon Prior years and adjustn	ne tax adjust.	306.957	er 837.000 er 41,332	er 115,000 er 28,676	er 37.3	98 47,366		5,26
IProv. for renegotiati	on refund	*****	0: 41th07	300,000	800,0	00 700.000	CT 9.981	5,25
Minority interest		*******		48,000				
INet income		4,439,189	1,037,235	1,921,628	1.656.3	59 1.851.143 73 4,339,494	1.728.516	1.010.61
Carned surplus, beginn	ing of year	7.131.840 184.047	<b>6</b> .676,1 <b>4</b> 6	6.485,339 21,250	5,478.5 20.4		3.080,478	2,404.86
carned surplus, beginn Nother surplus credits Preferred dividends		221,625	225.000				100,000	
Common dividends			328.541 25,000	1.407.053	670.0		418.750	235,00
				345.018			150,750	
Earned surplus, end		\$11.533.451	\$7,131,840	\$6.676,146	36.485,3	,-,-,-	4,339,494	3,080,47
Ten months to Oct.  After depreciation	and amortization	: 1947.  for_divi	Amount received	i from Sept.	15. 1945.	1943: Net charg tion of 1942 war c	e resulting from ontracts	n renegotia
1 183,554; 1946, \$951,716 \$23,389; 1943, \$724,214; 1	1945, \$1.575.017;	1914. to date	of sale of 60.000 Net adjustmen	preferred shi	Ares.	1942: Provisions	for depreciation	from date
(623,389; 1943, 5+24,214; 1) (95.	42, \$259,035; tadī.	dation	of Pacific Pum	t arising from	Continent	of acquisition to plant assets of T	Oct. 31, 1941)	pplicable t
Eligate Includes \$205	103 net gain re	alizad I Division	(100% control	acquired as	of Nov. 1.	viously eliminate	ne pryant neat	er Co., pre lation.
rom sale of investme Corp. of America and C	nts in van der Julf Plains Corn.	Horst   1943).		-41	1		eneral Note	
M1944-42: After debt 1	eurement credit	(1944.   m.umlina	Reserve for co	nungencies re	turned to	(a) During fisca	l year 1945, com	pany and it
\$400,000; 1943, \$543,000; 1 bax refund (1944, \$242,0	942, nil); and pos	11945	Includes \$453	nommon 000.	cash divi-	subsidiaries election of cost of er		
39.000).	·		aid on SI par : cipal "Other S	ihares. Troite Charge	-11 #-33 [	period ended Ser	tr 30 1945 Adii	istments re
1946-45: Refundable rears arising from car					t of pre-	sulting therefrom	have been giv	en effect to
osses and unused exce	es profits tax es		Premium paid tock (held by	minority inte	rest) of a	sulting therefrom by (1) a charge o fiscal year 1945	or additional a	mortization
1944: Includes \$50,00	0 additional pro	TAGA WALL	ated subsidiar	•		(2) net charge of plus representing	\$73.541 against	earned sur
or prior year. MDividends on prefe	rred stock of su	bsidi- emerger	Accelerated as icv facilities as	mortization o	I COST OI	tion applicable to	\$375.101 BCCItion Drior Vears les	al amortiza 1:2301.620 re
Dividends on prefe ry consolidated held b	y minority inter	est. (less cr	cy facilities a edit for refur	dable Feders	il income	tion applicable to fundable Federal charge of \$63,130	income taxes	and (3) ne
DRevised net incom- was \$1,575.075 in 1944 an DPrincipal "Other St	d \$1.602.702 in 194	12. from r	173,541; net add enegotiation if	or prior ve	resulting	eries acquired du	ring fiscal year	1945, repre
DPrincipal "Other St	rplus Credits" fo	ollow: \$36,317;	enegotiation 1 1943, \$194.241)	. \$230.558 ex	penses in	senting \$163,452	dditional amor	tization, ap
1947: Crédit resulting negotiation for fiscal ye	irom setuement	of re-   connect	on with sale of total. \$245.018.	www.000 preferr	ed shares,	aries acquired du senting \$163,452 s plicable to period fundable Federal	prior to acquis income taxes.	ition less re
Record of Earnings	years ended De	e, 31:	_					
Year Net S	Cost and	Operating	Oth. Inc. & Ded. (Net)	Inc. Bef. Taxes	Income Taxes		mon Com. Sh iends Outstan	s. Earn. Pe d. Com. Sh
938 \$5,802	771 \$5.736.270		\$20.764	\$87.265	£34.053	\$53.212	300.000	30.18
1939 6,912	.362 5.998.908	913.454	38.053	951,507	185.893 983.225	785.612 \$22	5,000 300,00 5,000 335,00	0 2.55 0 8.57
11,83	1 <b>,753</b> 9.682.451	1 2.151.302	28,606	2,179,908	#83.XXD	1,196,683 63	o.uuu aaa.uu	J 5.57

Kecera er	watunide Asset	Cost and	Operating	Oth, Inc. &	Inc. Bef.	Income	Net C	common Com. Shs.	Earn. Per
Year	Net Sales	Expenses	Profit	Ded. (Net)	Taxes	Taxes	Income D	ividends Outstand	. Com. Sh.
1938	\$5.802,771	\$5.736.270	\$66.501	\$20.764	387,265	\$34,053	\$53,212	300.000	\$0.18
1939 1940	6,912,362 11,833,753	5,998,908 9,682,451	913.454 2,151,302	38.053 28,606	951,507 <b>2,179,908</b>	185.895 983.225	785.612 1,196,683	\$225,000 300,000 635,000 335,000	2.55 8.57
BALANCE SI								000,000	0.01
ASSETS	186.0	COMPA	RATIVE CON 1947	SOLIDATED I 1946	NCOME ACC	OUNT, AS 0	F OCT. 31 1943	1942	1941
Cash			\$2,972.838	\$2.866.643	\$8,474,254	\$8.805,774			<b>\$1.613.7</b> 50
U. S. Treasury	noies ounts receivabl				1.170.361	231,150 4,992,147	401.8	24	
IIINotes & acc	ounts receivables profits tax	le (net).	12.269,302	8.432,840	6.585.019 540.910				2,172,507
Prior year inc.	. tax reiund (cu	irrent)	353,116	631.500	540.810				
Terminated w	ar contract cla	ims and							
charges Minventories:					4,916,733	881,122	356,3	73	
Finished pro	ducts		6.716,986	4.836.976	3.015.450	981,298	839.4	.06 1.540.37€}	
In-process p	ducts roducts and par	'ts	10.976,810	8.003.496	5,8G9,453	6.072.224	5.416.1	61 6,599,465 (	3,386,889
Raw matern	in sud endonie:	8	6.190,201	5.657.648	4,038,826	1,768,391	1,227,9	53 1,405,109	
Advance par	subcontractor	racts	*******	*******	CT 179.061	cr 188.098	er 762.1	335.802 43 · cr 1,375,318	CT 468,720
Total ourn	ent assets	***	<b>\$39,479.233</b>	\$30.429.063 783.315	\$34,431,945 725,536	\$23,544,000 203,709	\$20.568.4 189.3		\$6,704,426
			845,369 5,205,512	4.102.953	3.729.929	1.831.281	1.814.3	74 1.801.258	5.761.336
Machinery :	ind equipment, facilities	etc	17,250,205	13,564 <b>.3</b> 30	10,782.883	5.780.669	5.591.3	44 5,442,055	
Emergency :	semmes		******	2.357.335	2,440,762	1,682,229	1,475.4	90 1,153,140	306,965
Total			23.301.086	20.807,933	17.679.110	9.497.888	9.070.6	07 8,585,705	6.068.301
Less: Reserve	for depreciation	h	9.453,511	8.573.342	7,927.017	4,603,164	4,277.2		2,649.297
Reserve 10	or amortization		2,346,647	2,357,335	2,440,762	762,928	481.4	44 145,317	3,828
Net proper	rty		11,500,928	9.877,256	7.311.231	4.131.796	4,311.8	83 4.453,298	3,415,176
Invest, in and	advances to u	nconsol.	********				31.3		
subsidiary	. & other comp		150,000	75,000	108,525	105.000 502,464			105,311
Post-war exce	es profits tax i	refund	295.711	715.419	575,946	202,200			
DPrior years	income tax re-	fund	130,575	319,037	235,858	113,777	80,1	05 100,477	229,668
Miscellaneous	Lecelardies' en	C. (Det)_	•	•	•	,			1
Prepaid insura	nce, deferred to	LXGS. etc.	381.917	300.095	304,125	242,230	207.2	74 244,478	73,776
Total	S		\$51,938,365	\$41,715,871	<b>\$42,966</b> ,831	\$28,639,274	\$25,468,1	81 \$23,648,345	\$10,528,358
Notes payable	S ·								
To banks (u	insecured)		*****	\$7,000,000					*******
To banks (R	insecured) legulation V to	subs.)			\$6,528,190	\$9,500,000			
Current port	ion of long-terr	m debt	\$1,109,797	5,252.821	4,751,628	1016 640	150.0		\$1,218.977
Advance pavn	ents on contra	cts	6,326,188 1,526,077	179,773	4,191,048	4,016,672	3,118,2	1,115,720	109,200
Terminated w	ar contract liai	bilities			654,654	466.393	235,9	Ř1	409,922
Accrued payro	lls & oth. comp	ensation	1,556,381	885.761	1.023,663	674.693	609,3	66 423,0601 .	409,922
Accrued taxes	, interest, rent, e & Canad. inc.	taves	875.948 <b>3.669.</b> 926	807,229 1,450,028	736.888 3.514.535	320.295 2,120.024			1,328,463
<b>2</b>			4,000,000		0107.21000	84180,081			
Tetal curre	mt liabilities		\$15.064,317	\$15,575,612	\$17,209,558	\$17,098,079		48 \$13,754,591	\$3,066,561
Long-term not	es payable to b	henk	6,390,203		812,000	300,000			750,000
Reserve for ea	consciidat Intingencies	ed and"							100.000
%% conv. pr	ntingencies sterred stock (	\$1)	5,880,000	5,940,000	6.000.000	****			
ITICOmmon sto	r		547.568	547,568	530.030	350.000	3,350.0	00 3,350.000	3,350,000 181,319
Earned surp	lus		12.522.826 11.533.451	12,520,851 7,131,840	11.739.097 6,676,146	4.405,856 6.485,339		60 854,260 73 4,339,494	3.080,478
ambit			11,000,401	0.101,040	0,010,140	0,700,337	3,7/8,3		
Total		~~~~~	\$51.938.365	\$41.715,871	\$42,966.831	\$28.639.274	\$25,468,1	81 \$23,648,345	\$10.528.358
met current a	esets	******	\$24,414,916	\$14,853,451	\$17,222,387	\$6,445,927	\$5,223,0		\$3,637,865

10 1947-42: After deducting reserves: 1947. 2358,905: 1946. \$325.014: 1945. \$459.417: 1944, \$204. \$99: 1943. \$190.981: 1942. \$163.640: 1944-45: Includes reimbursable expenditures from Government agencies: 1944, \$50.328: 1943. \$307.236.

307.236. MA lower of cost (principally average cost) MA lower of cost (principally average cost) or replacement market. Spis47: Emergency facilities (previously shown separately) which amounted to \$2.346.-47 in 1947, are included in other property

iems.

[BEstimated refundable income taxes of prior years arising from carry-back of operating losses and unused excess profits taxeredits, additional amortization, etc.

[B]948-42: Includes estimated liability for renerotiation refunds.

[B]945-42: After deducting U. S. Treasury tax notes: 1945, 33, 362, 935: 1944, \$4,511,650; 1943, 85,175,507; 1942, \$160,000.

[B]Par value: 1947-45, 50 cents: 1944, \$1; 1943-41, no par (represented by 350,000 shares, including 15,000 shares held in treasury).

[B]Principal changes in "Capital Surplus" follow:

follow: 1947: Balance, Nov. 1, 1946, \$12,520,851. Add: Difference between par value and cost of examinational regions, FISCAL YEARS

preferred stock nurchased and cancelled during the year, \$1,975; balance, Oct. 31, 1947, \$12,522,826.

\$12.522.826.

1946: Balance, Nov. 1, 1945, \$11.739.097. Deduct: Difference between par value and cost of oreferred stock purchased and cancelled during the year, \$1.000. Add: Excess of net assets (as shown by books of acquired companies after subsequent minor adjustments) over par value of capital stock issued in connection with acquisition of subsidiaries during the year, \$625.042; adjustments to net assets (principally reserves and tax claims at dates of acquisition) of subsidiary companies acquired during prior year, \$157,712; balance, Oct. 31, 1946. \$12.520.851.

Oct. 31, 1946. \$12.520,851.

1945: Balance, Nov. 1, 1944. \$4.405,856. Add: Excess of net assets (as shown by books of acquired companies after subsequent minor adjustments) over par value of capital stock issued in connection with acquisition of subsidiary companies during the year. \$7.318,241; excess of net proceeds (after deducting underwriters' commissions of \$165,000) over par value of \$0.000 preferred shares sold during the year, \$15,000; balance, Oct. 31, 1945, \$11,739,097.

1944: Balance. Nov. 1, 1943, 2554,250. Addi: Excess of selling price of 15,000 treasury shares over amount assigned to stated capital. \$326,450; reserve for doubtful accounts provided by subsidiary company at date of acquisition (returned to capital surplus). \$75,146: transfer from stated capital in connection with change of capital stock without par value to capital stock having a par value of \$1.00 per share. \$3,150,000: balance. Nov. 1, 1944, \$4,405,356.
1342: Balance. Nov. 1, 1941, \$131,319. Add: Credit arising from restoration of carrying amount of plant assets of Bryant Heater Co. to recorded cost, less reserves for depreciation at date of acquisition (July 1, 1933), \$439,454; excess of carrying value of net assets of Bovsird & Seyfang Manufacturing Co. at date of acquisition (Jan. 1, 1942) over cost of investment, \$233,467; balance, Oct. \$1, 1942, \$554,250.

\$854,260.

\$854.250.

191945: 8.000 preferred shares of Roots-Connersville Blower Corp. at par value and accrued dividends.

General Notes

(a) Consolidated financial statements include the accounts of the company and all of its subsidiaries.

(b) Accounts certified by Ernst & Ernst.

BINITOTIONE TECONE, TROUBLE							
	1947	1946	1945	1944	1943	1942	1941
Earned per share—preferred	\$75.50	\$17.46	\$32.03		\$5.53		\$3.01
-common	\$3.85 20.03	\$0.74	<b>431.60</b>	E \$4.73	\$5.53	<b>(2)\$</b> 5.16	<b>\$3.01</b>
Times preferred dividends earned	20.03	4.61			~~~~~		
mDividends per share—preferred	\$3.75	\$3.75	\$0.9334	\$2.00		\$1.50	\$1.50
-common	nii	nil	31.20	\$2.00	\$1.00	\$1.50	\$1.20
Price range-preferred	9814-80	116-91	113-11115	_227*2217	35 12-16	16%-13%	2314-12%
-common	23-14	3376-1576	T3354-27	5874-2814	32 /5-16	1944-1378	23 /5-1279
Net tang. assets per shpreferred	\$518.43	\$440.07	<b>\$415.75</b>	\$32.12	\$28.90	\$25.50	\$19.74
-common	\$22.47	\$18.45	\$17.87	\$42.12	\$25.90	523.50	\$19.14
Fixed charges earned:	40.44	10.01	27.75	24.01	33.63	50.37	
Before inc taxes & depr. & amort	48.41	16.34	21.13	24.01	32.03	80.37	*******
Before inc. taxes & after depr. &	41.04	0.04	23.45	21.87	31.26	45.36°	
amort.	41.34	9.04	23.35 8.25	5.30	7.07	17.38	
After inc. taxes & depr. & smort	<b>25.6</b> 6	8.96 3.29	•	9.30	1.01		*****
Times chgs. & pfd. div. earned	11.50 \$5,770			\$38.471	\$22,517	\$7,329	\$9.816
Net tang. assets \$1,000 fund. debt	\$3.821		*******	<b>32</b> 1.486	\$11.607	\$3,709	\$4,850
Net curr. assets per \$1,000 fund. debt Number of shares—preferred	58.800	59,400	60.000	<del>-</del>	- •		
Mumber of sucres—breferred	1.095.137	1.095.137	1.060.059	350,000	335,000	335,000	335,000
COURTION	1,020,101	*'A40'TO.	2,000,000	000,000		200,000	

Calendar year.

(After renegotiation: 1844, \$4.50; 1942, \$4.78.

(After zenegotiation: 1864, \$4.50; 1942, \$4.78.

(After deducting preferred dividend requirement for full year.

### FUNDED DEBT

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ï •

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٠,

Elafter deducting preferred dividend requipments of the company borrowed \$7.500.000 under a loan agreement with Prudential Insurance Co. of America and Massachusetts Mutual Life Insurance Co., which provides for borrowings up to \$12,500.000. Loan is evidenced by \$1500 promissory notes which mature Dec. 15, 1952. Proceeds of notes were used to retire outstanding term loan of \$7.125.000, with balance being used for working capital, additions to plant and equipment and general corporate purposes.

Company may take down \$2.500.000 of the additional \$3,000.000 provided under the agreement about March 15, 1968 and remaining \$2,500.000 about May 20, 1948. Latter amount its subject to reduction in event that restrictions of outstanding preferred stock of company restricting incurrence of long-term indebtedness would be violated by issuance at that date of notes in aggregate amount of \$2,500.000. Under terms of loan agreement, company, on Dec. 15 in each year 1951 to 1955, inclusive, is required to apply to pro-rate prepayment of all notes issued thereunder a sum equal to 6% of original aggregate principal amount of notes; and on Dec. 15 in each year thereafter a sum equal to 10% of original principal of notes; all such prepayments shall be without premium.

Loan agreement requires company to maintain consolidated working capital of at least \$20,000.000 during period from issuance of second note to issuance of third note; and after issuance of third note a sum of not less than \$22,500.000 plus original principal amount of third note.

Agreement further provides that company, among other things, may not, without con-

third note a sum of not less than \$22,500,000 plus original principal amount of third note.

Agreement further provides that company, among other things, may not, without consent of holders of two-thirds of principal amount of notes (then outstanding), redeem, retire or otherwise acquire any shares of its stock, declare or pay any dividend, except stock dividends or make any other distribution on account of any shares of its stock, unless after such redemption, distribution or dividend (a) 70% of excess of consolidated net earnings over consolidated net losses for period commencing on Oct. 31, 1947, to last fiscal quarter preceding date of such redemption, distribution or dividend, shall equal or exceed aggregate amount of all dividends, except stock dividends, and other distributions paid or declared on any class of stock subsequent to Oct. 31, 1947, plus the excess of aggregate amount expended subsequent to Oct. 31, 1947, for redemption or acquisition of any shares of any class of stock, over aggregate amount received subsequent to Oct. 31, 1947, for redemption or acquisition of any shares of any class of stock, over aggregate amount received subsequent to Oct. 31, 1947, so any class of stock, and (b) consolidated working capital shall exceed \$27, 500,000.

Agreement further provides that neither company nor any subsidiary may create or incur any funded indebtedness, except liability of company for current indebtedness not

in excess of \$3,000,000 at any one time, or liability of company to subsidiary, or of any subsidiary to company or any other subsidiary, or as otherwise provided by agreement.

CAPITAL STOCK

subsidiary to company or any other subsidiary, or as otherwise provided by agreement.

CAPITAL STOCK

1. Dresser Industries, Inc. 3½% cumulative convertible preferred; per \$100:

AUTHORIZED—All series, 118,800 shares; this series, 38,800 shares; outstanding, this series, 58,800 shares; outstanding, this series, 58,800 shares; par \$100.

PREFERENCES—Has preference for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends at rate of \$3.75 per share annually payable quarterly Mar. 15, etc., cumulative from Sept. 15, 1945.

DIVIDEND RESTRICTION—Company may not pay any dividends (except in junior shares) or make any distribution on, or acquire for value or provide for redemption of, junior stock, if (1) thereafter total of all redemptions of junior shares subsequent to Oct. 31, 1944, exceeds the sum of (a) consolidated net income from and after such date, (b) \$1,000,000 and (c) net proceeds from sale after such date of junior shares; or (2) as of Apr. 30 or Oct. 31 next preceding, and after giving effect to all such disbursements after such date, the sum of the par or stated value of all junior stock plus consolidated surplus is less than 150% of the sum of consolidated funded debt and involuntary liquidation value of all preferred and stock having priority or parity therewith.

DIVIDEND RECORD—Initial dividends for one year is in default preferred, voting separately as a class, is entitled to elect one-third or next highest whole number of directors.

Affirmative vote (at a meeting) of 66 2/3% of preferred necessary to (1) create or increase any stock ranking prior to preferred; (2) amend or repeal provisions applicable to all series of preferred; (3) reclassify preferred; ill quidate or dissolve, or dispose of substantially all assets; or (4) consolidate or merge, unless (a) rights of preferred are safeguarded, and (b) immediately thereafter resulting corporation and subsidiaries shall not have outstanding funded debt or stock greater in amount than that permitted to company and its subsidiaries.

its subsidiaries.

Affirmative vote (at a meeting) of 65 2/3% of any particular series of preferred necessary to change rights of such series.

Unless as of Apr. 30 or Oct. 31 next preceding, and after giving effect to any such transactions made after such date and proposed, the sum of (a) par or stated value of all junior stock and (b) consolidated surplus, equals at least 150% of consolidated funded debt plus involuntary liquidation value of preferred and any stock having priority or parity therewith, the affirmative vote (at a meeting) of all series of preferred shall be necessary to

(1) create, assume, incur or guarantee, directly or through a subsidiary, any funded debt, except (a) for renewal or extension of funded debt, or (b) by a subsidiary; to company or a wholly owned subsidiary; (2) permit any subsidiary to issue preferred (except to company or a wholly owned subsidiary), or issue common unless company and/or wholly owned subsidiaries acquire sufficient thereof to maintain ratio of owned shares to outstanding common of such subsidiary; (3) issue preferred or any stock having priority or parity therewith: or (4) dispose of, or permit any subsidiary to dispose of, or permit any subsidiary, unless (a) all owned funded debt or stock of such subsidiary is simultaneously disposed of, and (b) immediately prior thereto such subsidiary shall not own any funded debt or stock of company or its subsidiaries. LIQUIDATION RIGHTS—in liquidation, entitled to \$100 per share it involuntary and to redemption price it voluntary, plus socused dividends in all cases.

CONVERTIBLE—into common prior to Sept. 15, 1955 (or if called, to redemption date) on basis of 21 common shares for each preferred share, with scrip for fractional abares. Conversion rights protected against dilution.

PREEMPTIVE RIGHTS—None.

CALLABLE—As a whole or in part on at

PREEMPTIVE RIGHTS—None.

CALLABLE—As a whole or in part on at least 30 days' published notice at any time to Sept. 15. incl., as follows, per share, plus dividends: 1950, 3107.50; 1955, 5105, and at \$104 thereafter. Also callable for sinking fund, which see, at \$103 per share. Not less than all preferred may be redeemed if any dividends are in arrears. are in arrears.

ere in arrears.

SINKING FUND—On or before each Apr. 15, 1946 to 1955, incl., an amount (to extent of consolidated net income for preceding fiscal year less preferred dividends) sufficient to purchase at \$103 per share, 1% of all 3½% preferred theretofore issued; any balance not so used within 12 months to be returned to general funds.

On or before each Oct. 15 beginning 1956, company shall retire 2% of all 32% preferred issued prior to close of next preceding fiscal year less preferred theretofore converted, plus year less preferred theretetore converted, plus any arresrsges; provided that if consolidated net income (less preferred dividends) for preceding fiscal year is less than required amount, such sum shall be so applied and deficit shall be cumulative. Credit may be taken for excess retirements.

ADDITIONAL PREFERRED—May be issued in series with dividend rate and other provisions as fixed by directors subject to prescribed limitations.

limitations.

PURPOSE—Net proceeds to redeem 6% preferred of a subsidiary and to pay short term
bank loans: balance for additions to plant and
equipment and working capital.

LISTED—On New York Stock Exchange.

TRANSFER AND DIVIDEND DISBURSING

REGISTRAR-City Bank Farmers Trust Co., New York.

OFFERED—(60,000 thares) at \$103 per share on Oct. 16. 1945, by a syndicate headed by Harriman Ripley & Co., inc., New York.

PRICE RANGE—
1947

1946

1946

1947

1946

115-91

113-1111/2

Dresser Industries, Inc. common; par 50

AUTHORIZED—2.400.000 shares: issued and outstanding, 1.095.137 shares; reserved for conversion of preferred, 147.000; par 50 cents (changed from no par to par 51, Oct. 23, 1944; to par 50 cents, Mar. 27, 1945, on a two-for-one split).

Dividend Record (in \$) (Calendar Years)

On no par shares: 1939___ 0.75 1940___ 2.00 1943-44 1.00 1941-42 1.50

On \$1 par shares.

1944... 1.00
On 50-cent par shares:
1945... 1.20 1946-47 nl!
1945... 1.20 1946-47 nl!
DIVIDEND LIMITATIONS—See 334% preferred (No. 1) and loan agreement, above.
LISTED—On New Yorkand Los Angeles Stock
Exchanges.
TRANSFER AGENTS—New York Trust Co.,
New York, and Bank of America N. T. & S. A.,
Los Angeles.
DIVIDEND DISBURSING AGENT—New York
Trust Co., New York.
REGISTRARS—City Bank Farmers Trust Co.,
New York, and Becurity-First National Bank,
Los Angeles.
PRICE RANGE— 1947 1948 T1943 PRICE RANGE-

ible and class B stock and Clark Bros. Cn. common on basis of two shares for each old class A share and one share for each old class A share and one share for each old class B share of S. R. Dresser Mfg. stock and five states for each old common share of Clark Bros. Cc, stock. 50,000 of these shares were held in the treasury, and in Cct. 1940, 23,000 treasury shares were exchanced for entire common stock of Pacific Pump Works, and in June, 1944, remaining 15,000 treasury shares were sold to private investors.

Issued 103,000 shares (par S1) in Nov., 1944 in connection with acquisition of International-Statesy Corp.

Issued early in 1945, 154,059 shares (par S0.)

Issued, early in 1945, 154,059 shares (par 50 cents) in connection with acquisition of following companies: Kobe, Inc. (59,188); Fayne & Furnace Supply Co., Inc. (41,827); Day & Night Mfg. Co. (34,534); Roko Corp. (8,510).

#### MOHAWK CARPET MILLS, INCORPORATED CAPITAL STRUCTURE Divs. per Sh. Call Price

CAPITAL STOCK
Issue
1. Common _____ Par Value \$20 HISTORY

Incorporated in New York, Aug. 18, 1920 as a consolidation of Shuttleworth Bros. Co., established in 1835 and incorporated in 1802, and McCleary. Wallin & Crouse, formed in 1836. BUBSIDIARIES

As of Dec. 31, 1947, owned 100% of the voting control of Mohawk Export & Import Corp. and Alfombras Mohawk de Mexico, S. A. (formed in 1948).

BUSINESS & PRODUCTS

Ranks as one of the three leading factors in the domestic carpet and rug industry, weaving tapestry, velvet, Axminster, Wilton and chentile floor coverings. Principal raw material is imported wool. Spins its major requirements of worsted, woolen and cotton yarns and operates its own dye houses. Under normal operating conditions uses about 25,000,000 lbs. of raw cotton annually.

Prior to Nov., 1228 disposed of its entire outs.

Prior to Nov., 1928 disposed of its entire output through W. & J. Sloane, Ipc., N. Y., but

INCOME ACCOUNTS

Earned per Sh. 1947 1946 \$5.15 \$4.76 Amount Outstanding 531,000 shs. 1947 \$2.00

since that time has sold through distributors located throughout the country.

Company maintains regional sales headquarters in New York, Chicago, Los Angeles and San Francisco.

### PRINCIPAL PLANTS & PROPERTIES

Main office and plants are located on two sites of about 41 acres at Amsterdam, N. Y. Other unimproved property adjacent or near the mill properties approximates 20 acres with several tenement dwellings thereon. Plants comprise more than 55 buildings with about 55 acres of manufacturing and storage floor space. Power is derived from 25 boiler units with a capacity of 10,000 b.h.p. Four generator units develop a total of 4,400 k.w. Machinery exceeds 10,000 units, including about 1,000 looms.

### MANAGEMENT

Officers
H. L. Shuttleworth, President
H. L. Shuttleworth, 2nd, Vice-President COMPARATIVE INCOME ACCOUNT, YEARS ENDED DEC. 31

Price Range 947 1932-47 70-512 51 12-32 34 \$2.00 S. M. Brown. Secretary & Treasurer E. C. Shuttleworth. Assistant Secretary W. E. Baker. Assistant Treasurer G. T. Liddle. Purchasing Agent M. W. Richardson. Chief Engineer F. P. Hildreth. Advertising Minager F. I. Monahan, Sales Manager

1947

1946

Directors
S. M. Brown, Amsterdam, N. Y.
H. D. Burbank, Amsterdam, N. Y.
Charles Fagg, New York
Burrows McNeir, Warrenton, Va.
F. I. Monahan, Forest Hills, N. Y.
E. C. Shuttleworth, Amsterdam, N. Y.
H. L. Shuttleworth, 2nd, Amsterdam, N. Y.
S. K. Warnick, Sr., Amsterdam, N. Y.
Annuel Meeting: Lest Tuesday in April in
New York,
Number of Stockholders: Dec. 31, 1947, 3,910.
Number of Employees: Dec. 31, 1947, 3,930. Directors

Number of Employees: Dec. 31, 1947, 5,900. General Office: Amsterdam. N. Y.

N. Y. Office: Textile Building, 295 Flith Ave.

(	Taken from reports	filed with	Securities and	exchange Comp	ission)		
	1947	1946	1945	1944	1943	19.12	1941
Bales, less returns, discus. & allow	\$46.878.613 36.705.951	\$33.332.408	\$30.435.078	\$32.860.562	\$32,000,248 25,819,304	\$31.403 F37 22.347.981	<b>83</b> 0.765.485 <b>20.152.22</b> 3
· DSelling, gen. & admin. expenses	5.523.013	24.810.256 4.490,561	25.502.193 2.831.231	27.056.663 2.651,162	2.709.507	3.329.428	8.513.29
Provision for doubtful accounts					1.927	39.103	87.144
Operating profit	\$4,649.649	4,031,682	2,101,654	3,122,717	3,469,415	4.687.425	6,607,822
Interest earned	_ 18.172	30.812	38.683	45.948	55.417	61.724	62.332
Discounts earned	- 69.716	47.238		45.127	61,779	<b>6€.72</b> ?	<b>32</b> 426
Miscellaneous income	5,199	106,817	12.680	27,769	70.891	21.418	49.484
Total	4.742.736	4.216.548	2.190.627	2,241,560	3.657.528	4,837.321	6.751.616
Interest paid		11.187	10.302				
Other income deductions	9,010	36.239	31.068	16.904	19.765	41.918	28.968
_ Balance	4,733,726	4,169,121	2.149.257	3.224.656	3,637,763	4,795,402	6,722.646
Federal income tax provision	2.000.000	1.638.000	680.000	680,000	644.147	667.011	1.439.276
Federal excess profits tax		20000.000	455,000	1.450.000	1.810.000	2.600.000	3,321.000
Post-war excess profits tax refund				CT 145,000	er 191.000	CT 280,000	
Net income to surplus	\$2,733,727	\$2.531.121	\$1.014.257	\$1,239,656	\$1,274,615	\$1,608,391	\$1,962,372
Earned surplus, beginning of year	7.976.533	6.507.412	6.555.155	6.641.385	6.428.763	5.827.827	5.012.455
Dividends	_ 1.593.000	1.062,000	1.062.000	1.062.000	1,052,000	1.067.450	1,087.000
Other surplus debits	• ••••••		*****	263.886		*******	•••••
Earned surplus, end of year	<b>\$9,117,260</b>	\$7,976,533	\$6,507,412	\$6,5\$5,155	85,641,384	36,425,763	25.887.5
SUPPLEMENTARY P. & L. DATA	• • • • • • • • • • • • • • • • • • • •		40,001,122		•••••	•	
Maintenance & repairs	_ \$1,108,995	\$907.804	\$784.197	<b>26</b> 64.199	\$678.275	<b>3</b> 943.689	2552.659
Depreciation	461.096	439.746	550.755	509.680	548.806	\$52.518	536.155
Taxes other than income		635.744	524.483	721.001	943.296	682.239	662.549
Rents		175.972		47.064	49,390	48.908	44.907
Mincludes related portions of i Dincludes payroll taxes: 1947, \$4	tems shown under	"Suppleme	entary p. & l. d	lata" below stat 6: 1943   \$145 981:	lement. 1942 \$306.596	1941 \$311.683.	
Other surplus debits:	***** **********	~~~, <b>*~~</b> 0,0	wil wasa' basoisi		2012, 4000,000,		

1944; Charge arising through change of New York State Franchise Tax law in 1944 assessable on prior years taxes, \$253.585.

		-6								
		Cost and	Operating	Oth. Inc. &	Inc. Bef.	Income	Net	Common	Com. Shs.	Earn. Per
Year	Net Sales	Expenses	Profit	Ded. (Net)	Taxes	Taxes	Income	Dividenda	Outstand.	Com. Sh
Year 1935	\$13.901.592	\$13,169,116	\$732,476	\$20.714	\$753.190	\$120,000	\$633.190	\$409.725	546,300	\$1.15
1936	17.591.647	16.076.162	1.515.485	76,020	1.591.505	330,000	1,261,505	846.765	\$46,300	2.31
1937	18 195.248	16.705,276	1.489.970	17,114	1,507,084	265,000	1,242.084	925,710	546,300	2.27
1938	12.043.790	13.521.711	d 1.477,921	d 7.980	d 1,485.901		4 1,485,901	136.575	545.300	₫ 2.72
1939	17.430.6 <b>3</b> 0	15.219.525	2.211,105	66,463	2.277.568	479,000	1,798,568	409.525	546.000	3.29
1940	17,629,878	15,252,033	2,377,845	101,360	2,479,205	900,000	1,579,205	680,000	543,500	2.91
BALANCE SH	ERTA		COMPARA	TIVE BALANC	CE SHEET.	AS OF DEC	. <b>3</b> 1 '	•		

1940 11,629,518 13,252,038	2,311,545	101,300	2,4/9,205	\$00,000 1,34	18,203 . 660,	000 949,300	
BALANCE SHEETS	COMPARA	TIVE BALANC	CE SHEET. AS	S OF DEC. \$1 Exchange Comp	nission)		
ASSETS	1947	1946	1945	1944	1943	1942	1941
Cash	\$6,238,227	\$2,905,422	\$1,289.946	\$1.922.833	\$6.536,412	\$2,070.349	\$3,099,299
U. S. Treasury notes			953.678	2,702,244	610,283	3.000.90)	4,632,332
Accounts & notes receivable, etc	2,781,365	1,870.048	518.634 474.773	1,602,616	910,233		
Excess profits tax refund	12.374,710	15,176.937	14,324,135	13,696.289	8.861,701	10,511,543	11.304.649
Total current sessets	\$21,394,302	\$19.952.406	\$17,551,167	\$19.923.982	\$16,008.396	\$15.582.793	\$19,036,271
Employ, cash & war bonds (contra)	285.505	-1-1-1-7		185,402	\$309.718	\$55.535 <b>25</b> 5.431	8447.457
MNotes & advances receivable	285.505 161.398	217.754 159.844	125.602 82.811	81.933	81.325	80.957	34.645
Ulnvest in subsidiaries (at cost)	113.113	113.113	10.000	10.000	10.000	10.000	10.000
Property, plant & equipment	16.508.793	15.469.586	14,700.367	14.195,784	14.109,509	14.061.444	13.981.762
ELess: Depreciation reserve	11,001,765	10,695.096	10,388,197	10,070,126	9,630,076	9,141,734	8,705,022
Net property account	5,507,028	4.774.490	4,312,170	4.125.658	4,479,432	4.919.710	8,276,741
Refundable excess profits tax	590,177		567,645	589.972	467.113	280.000	002,161
Deferred charges & prepaid exp	590.177	577.005	567.545	402.083	600,100	789.127	
Total	\$28,051,522	\$25,794.613	\$22,659,395	\$25,319,030	\$21,956,084	\$21,973,583	\$25.497,275

# MOODY'S MANUAL OF INVESTMENTS

AMERICAN AND FOREIGN

### INDUSTRIAL SECURITIES

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1949

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### MOODY'S INVESTORS SERVICE

· 65 BROADWAY, NEW YORK 6, N. Y.

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PHILADELPHIA BOSTON CHICAGO LOS ANGELES PITTSBURGH SAN FRANCISCO Stock Exchange Bldg. 75 Federal St. 105 W. Adams St. Hollingsworth Bldg. Union Trust Bldg. Russ Bldg.

LONDON: MOODY'S INVESTORS SERVICE, LTD.

Statistical Record (cont'd) Fixed charges earned: Before inc. taxes & dep	1948 34.24	1947 39.09	1946 21.72	1945 71.80	1944	1943	19-12
Before inc. taxes & after dep	31.90 20.56	37.28 24.05	26.15 15.40	66.05 <b>25.64</b>		\$385.23	
Net tang, assets per sh preferred class A class B com	\$28.29 \$14.15	526.62 \$13.31	\$22.70 11.05	\$20.86 10.43	\$403.40 \$51.79} @\$10.06}	\$50.67	\$360 g)
Times preferred dividend earned	101 -9715 \$5.952	103 15-90 14	104 14-101 1- \$4.550	7,85 1023 <u>(</u> —1003) \$4,044	4.71	4.85	6.21
Net current assets per \$1,000 fd. debt. Number of shares—preferred	\$3,796 438,592	\$3,734 438,392	\$1,284	\$2.975	27.094	27.337	28.600
—class A	188.624	193,750	428.592 190.730	193,750 193,750 eonsoli- upon	123.00-1 178,75: }	153,894 d conditions :	151,EE

scal year.

Efficial years.

Efficient years.

Ediving effect to 5-for-1 split.

Ediving effect to 24-50r-1 split.

Third issue colled Nov. 30, 1945.

EBefore 24-for-1 split.

EBefore 24-for-1 split.

minds, \$12.50 per snares; prior years, no per shares.

BAfter 5-for-1 split;

BAfter 2½-for-1 split; before, 69-36.

ENew stook.

Note: After split-up of class B common, Nov.

30, 1944, class A common was designated class

### FUNDED DEBT

FUNDED DEBT

1. Devoe & Raynoids Co., Inc. sinking fund debenture 2½s, due 1965:

Rating—A

AUTHORIZED—\$3.500,000; outstanding, \$3.-185.000.

DA1ED—Oct. 1. 1845.

MATURITY—Oct. 1. 1965.

INTEREST—A&O 1 at office of trustee. Principal and interest payable in U. S. legal tender. TRUSTEE—Guaranty Trust Co., New York.

DENOMINATION—Coupon \$1.000; registerable as to principal.

INTEREST.—A&O 1 at office of upstee. Pring (pp) and prince in the second of the second

proceeds of proposed issue, and (b) consolidated net income (as defined) for 36 consecutive months within 42 calendar months next preceding average per annum at least 2½ times annual interest on consolidated funded debt to be outstanding less funded debt to be retired from proceed; of proposed issue.

DIVIDEND RESTRICTION—Company will not declare or pay dividends (except stock dividends) or make any distribution on, or purchase or redeem, or permit any subsidiary to purchase, any capital stock, unless immediately thereafter (1) subsequent to Nov. 30, 1944, dividends (except stock dividends) declared or paid plus purchases, redemptions and citer distributions on capital stock subsequent to Second from sale of fock (as defined) and (c) Secondo, and (2) consolidated net income; (b) net consolidated funded debt (as defined).

RIGHTS ON DEFAULT—In event of default (30 day grace period for payment of interest), trustes or 25% of debentures may declare principal due and payable immediately.

RIGHTS ON DEFAULT—In event of default (30 day grace period for payment of interest), trustes or 25% of debentures may declare principal due and payable immediately.

RIGHTS ON DEFAULT—In event of default (30 day grace period for payment of interest), trustes or 25% of debentures may declare principal due and payable immediately.

RIGHTS ON DEFAULT—In event of default (30 day grace period for payment of interest), trustes or 25% of debentures and convertible into preterred or any odicated inned assume that to be any additional preferred or any ediciremine. Not entitled to subscribe for any additional preferred or any ediciremine. Not entitled to subscribe for any additional preferred or any ediciremine. Not entitled to subscribe for any additional preferred or any odicated funded charged in any additional preferred or any odicated funded Landau Proceeds for bay of the business of collections of capital stock subscribe for interesting the process of F. W. Devoe & C. T. Raynolds Co. 15,933 shares for business of F. W. Devoe & C. T. R

Beckwith-Chandler Co. and Truscon Laboratories. Inc.
PRICE RANGE—1948

Class A 25½-1944

2. Devee & Raynolds Co., Inc., class E comman; no ser:
Nov. 30. 1948. 188.526 shares; no par. In Sept., 1925 two class A shares and one class B share were exchanged for each \$100 par share; on Nov. 30. 1944 class B common was split on basis of 5 no par shares for each old no par share.

### DRESSER INDUSTRIES, INCORPORATED

CAPITAL STRUCTURE ETimes Charges Earned 1948 1947 30.04 FUNDED DEBT

1. 3½% promis. notes, due 1951 to 1962

CAPITAL STOCK

1. 3¾% cum. conv. preferred

2. CAPOTON. | Amount | Charges Earned | Interest | Call | Price Range | Interest | Call | Price Range | Interest | Interes Amount
Outstanding
\$12,500,000
Amount
Outstanding

HISTORY
Incorporated under the laws of Pennsylvania, Dec. 31, 1938, as Dresser Manufacturing Co., as result of a consolidation of S. T.
Dresser Mfg. Co. (incorporated in 1950 and successor to a business founded in 1880) and its wholly-owned subsidiary, Clark Bros.

Co. (N. Y.: incorporated, 1903). Also Clark Bros. (name changed to Pacific Pumps, Inc., Sept. 8, 1944).

On Jan. 1, 1942, acquired all of outstanding capital stock of Pacific Pump Works, Cal.

MOOD

Nov. 1. 1844, company acquired, by issule 101,000 shares (par \$1) of Dresser compet assets of International-Stacey Corp.
pet assets of International Derrick &
for subridiaries. International Derrick &
for subridiaries. International Derrick &
for subreat companies. Roots - Connersville
companies and properties of Internasubstances Corp., including issued and outcompanies were later merged into
two companies were later merged into
two land Stacey Bros. Gas Construction Co.
constructio

res dissolved.

Feb. 1, 1945, acquired net assets of Kobe
These net assets were subsequently transto Kobe, Inc., the old company being

psing first half of 1945, company purchased psing first half of 1945, company purchased sinks 50% interest in Roko Corp. Roko subsequently been dissolved and its assets served to Kobe, Inc.

On Nov. 1, 1945 acquired 100% ownership of carity Engineering Co., Inc.

serity Engineering Co., Inc.

set of Gas Appliance Division: On Jan. 12,

sold its three gas appliance companies,

companies were acquired in 1945

and Bryant Heater Co. in 1933.

These companies accounted in 1945 for \$29,

sold its of company's net sales and \$2,246,314 net

sold.

FILL

### MISIDIARIES

As of Feb. 1. 1949 company held 100% voting more in following subsidiaries:

groun in tolowing substitutions (Pa.):
smaled 1891. Manufactures geared pumping
swers, bandwheel pumping powers, pumping
sits, and convertible gas or oil engines and
sited accessories and equipment.

gind accessories and equipment.

Gink Bros. Co., Inc. (N. V.): Founded 1880.

Emiscures gas. steam and Diesel-driven
egnes and compressors of all sizes from 75
to 100 BHP, supplied principally to oil and
samul gas industries. Also marine and stantionary diesel engines: and slush pumps used
in rouny oilwell drilling as well as small oil
sufferments and incessor of the literature. well pumping engines and similar equipment.

Bresser Manufacturing Co., Ltd. (Ontario, Co.): Organized Sept. 24, 1931 to sell parent suspany's products in Canada.

international Detrick & Equipment Co. (Shie): Founded 1920. Manufactures oilwell pumping units, derricks and drilling units, such as drawworks, rigs, rotary tables, swivels for rotary drilling; also cable tool equipment; also prefabricated steel buildings—hangars, garages, etc. aviation communications and electric power line equipment such as towers, sub-station structures.

Kobe, inc. (Cal.): Founded in 1823. Manufactures hydraulic oil-well pumping systems, hydraulic pumps, perforated or slotted pipe and pre-packed gravel liners.

and pre-packed gravel liners.

Pacific Pumps, inc. (Cal.): Founded 1923

Manufactures centrifugal pumps (large horizontal types) for refinertes and oil lines including hot-oil charging pumps; high pressure boiler-feed pumps for electric-generating plants; general service pumps for petroleum and other industries; deep-well plunger pumps for oil wells; deep-well turbine pumps (water) for municipalities, industrial use, and irrigation projects.

Owns entire outstanding capital stock of Pacific Pumps. Inc. Mid-Continental Division, which company distributes "Pacific" pump-ing equipment and maintains oil field stores.

Roets-Connersville Blower Cers. (Ind.): Founded 1854. Manufactures blowers, exhausters boosters and compressors for movement of air and gases in steel, gas, chemical and other industries; also air and liquid pumps, meters.

Security Engineering Co., Inc. (Cal.):
Founded 1931: incorporated Jan. 25, 1937. Hanufactures oil well reamers, liners, core drills,
drilling bits and fittings. Also a patented
drillable alloy "Securaloy."

Stacey Bros. Gas Construction Cs. (Ohie): Founded 1915. Produces dry and wet seal gas holders for municipalities and utilities, fabricated vessels of all types for food, chemical and general industrial use, and aluminum fabrication. See also Stacey-Dresser Engineering Division below. ing Division, below.

#### DIVISIONS

Stacey-Dresser Engineering Division: A division of Stacey Bros. Gas Construction Co. Engineers and constructs liquified gas storage plants and plants for large volume production

presser Manufacturing Division: Products are pipe couplings, fittings, repair clamps and sleeves; rolled and welded rings, specially designed rims, motor frames and weldments; copper tubing fittings, welding fittings and flanges.

Hydrocarbon Research, Inc. (33 1/3%-owned) engages in experimental and development work on the engineering and commercial application of the "Hydrocol" process for making gasoline from natural gas.

BUSINESS & PRODUCTS

Dresser Industries, Inc. is an affiliation of member companies, joined together by a common ownership, with kindred interests, coordinated products and related markets, operating chiefly in the oil, gas and water and chemical industries, producing equipment used in drilling, transporting and refining crude oil and natural gas.

PRINCIPAL PLANTS & PROPERTIES

As of Feb. 1. 1949, principal plants of company and its subsidiaries were as follows:

Dresser Mfg. Division Plant—Located at Bradford, Pa.

Bradford, Pa.
Clark Plant—Located at Olean, N. Y.
Pacific Pumps Plant—Located at Huntington
Park Cal. and service plant at Tulsa. Okla.
Bovaird & Seyfang Plant—Located at Brad-

ford. Pa.

International Derrick Plants—Located at Columbus. Delaware, and Marietta, O.: Beaumont and Dallas. Tex.: and Torrance. Cal.

Roots-Connersville Plant—Located at Connersville. Ind.

Stacey Bros. Plant—Located at Cincinnati.

Kobe Plant—Located at Huntington Park, Cal.. and service plant in Oklahoma City.

ORIA.

Security Engineering Plant—Located at Whittier. Cal.

MANAGEMENT

Officers:
H. N. Mallon, President
J. B. O'Connor, Exec. Vice-President
R. E. Reimer, Vice-Pres., Sec. & Treas.
C. Paul Clark, Vice-President
Arthur R. Weis, Vice-President
Arthur R. Weis, Vice-President Arthur R. Weis. Vice-President A. F. Witthinrich, Asst. Sec. & Asst. Treas.

A. F. WILLIMFICH, ASSL. Sec. & ASSL. AFERDIFICATIONS:

Prescott S. Bush. New York
Norman Chandler, Los Angeles
C. Paul Clark, Olean, N. Y.
William V. Griffin, New York
Oscar M. Havekotte, Columbus, O.
H. N. Mallon, 'Cleveland, O.
William A. McAfee, Cleveland, O.
J. B. C'Connor, Cleveland, O.
Arthur E. Weis, Huntington Park, Cal.
Anseasi Meeting: Third Monday in March,
Number of Stockholders; Oct. 31, 1948; Preferred, 407; common. 5.219.

Number of Employees: Oct. 31, 1948, 8,677.

Geograf Office: 1130 Terminal Tower, Clevaland 13, Ohio. A. F. Wit Directors:

land 13. Ohio.

### MICOME ACCOUNTS

COMPARATIVE	1948	1947	1946	FISCAL YEARS	ENDED OCT. 1944 254,995,408	31 1943 \$62,499,030	1942
Cost of goods sold	D\$108.836.897 79.331.541 16.598.700	\$80.095.199 60,023.063 12,181.953	\$54.783.198 44.513.768 9.736.239	\$80.544.911 63.689.275 8.102.727	41,909.236 3,943.445	48.975.018 3.299.167	\$28.796.687 21.710.329 2.352.031
Toperating profit	12.706.656 411.513	7.580.173 274.815	533.181 650.545	8.752.909 173.877	9,135.677 64.293	10.224.845 56,779	4.734.317 48,080
Total income Interest Macellaneous other deductions Federal income taxes  1 Federal excess profits tax Canadian & state income tax TPrior years and income tax adjust. Prior years and adjustment (net) Prior years and adjustment income tax adjust income tax adjust. Prior years and adjustment income tax adjust. Prior years and adjustment income tax adjust. Drive for renegotiation refund.	13.118.169 433.979 36.247 4.460.000 194.900	7,854.789 179.983 17.960 2,856,000 54,700 306.957	1,183,726 130,232 47,191 761,000 51,000 35,400 cr 837,000 cr 41,332	8.926.785 365.200 19.334 729.000 5.645.000 41.250 cr 115.000 cr 26.876 300.000 48.000	9.202.970 395.572 8.437 560.000 5.777.000 53.000 cr 37.393 800.000	10.281,624 304,834 5,231 600,090 6,723,000 50,000 47,356 700,000	4,782,397 105,517 5,944 720,000 2,200,000 32,400 cr 9,981
Enet income Furned surplus, beginning of year Tother surplus credits Frierred dividends Common dividends Gother surplus charges	11.833.422 11.833.451 219.375 1.232.023	4,439,189 7,131,840 184,047 221,625	1.037.235 6.676,143 225.000 328.541 28,000	1.921,523 6.455,329 21.250 1.407.053 345.018	1.656.359 5.478.573 20.407	1.851.143 4.329.494 586.250 125.814	1.728,516 3.080.478 100,000 418,750 150,750
Earned surplus and of wear	19 120 470	#11 \$27 4K1	<b>97 131 540</b>	SE 676 145	\$6,485,330	85.478.573	4.339.494

d surplus, end of year. TSources of net sales and net income for were as follows:

Oil & Gas Equip. Div. \$79.465.637 5,792.108 Appliance Division \$29.171.260 2,246.314 Net sales Net income TAfter depreciation and amortization: 1948. 11.457.467: 1947. \$1.183,554; 1946. \$951,716; 1945. \$1.575,017: 1944. \$823,389; 1943. \$724,214; 1942.

21948: Includes \$144.147 adjustments to re-zerve for doubtful accounts and property and related reserves to conform to income tax

1946: Includes \$205.103 net gain realized from ale of investments in van der Horst Corp. (2)344-42: After debt retirement credit (1944, \$400.000; 1943, \$543,000; 1942, nil); and post-war refund (1944, \$242,000; 1943, \$204,000; 1942.

(I) 1946-45: Refundable income taxes of prior years arising from carry-back of operating losses and unused excess profits tax credits. (I) 1944: Includes \$50,000 additional provision for Drior prior for prior year.

18.120.470 211.523.451 \$7.131.840 main solution of preferred stock of subsidiary consolidated held by minority interest. Exevised net income, after renegotiation, was \$1,575.075 in 1944 and \$1.602.702 in 1942. Principal "Other Surplus Credits" follow: 1947. Credit resulting from settlement of renegotiation for fiscal year 1945.

1945: Amount received from underwriters for dividends accrued from Sept. 15, 1945, to date of sale of 60,000 preferred shares. 1944: Net adjustment arising from consolidation of Pacific Pumps. Inc. Mid-Continent Division (100% control acquired as of Nov. 1, 1942)

1942: Reserve for contingencies returned to

581945: Includes \$453,000 common cash divi-

dends paid on \$1 par shares.

[[] Frincipal "Other Surplus Charges" follow: 1946: Premium paid on retirement of pre-ferred stock (held by minority interest) of a consolidated subsidiary.

1945: Accelerated amortization of cost of emergency facilities applicable to prior years credit for refundable Federal income taxes), \$73,541; net additional charge resulting fundable Federal income taxes.

145 \$5.485,339 \$5.478.573 4.339.494

from renegotiation for prior years (1944, \$36,317; 1943, \$194.241), \$20.558 expenses in connection with sale of 60.000 preferred shares, \$40,919; total, \$345.018.

1943: Net charge resulting from renegotiation of 1942 war contracts.

1942: Provisions for depreciation (from date of acquisition to Oct. 31, 1941) applicable to plant assets of The Bryant Heater Co., previously eliminated upon consolidation.

General Note

(a) During fiscal year 1945, company and its subsidiaries elected to accelerate amortization of cost of emergency facilities over the period ended Sept. 30, 1945. Adjustments resulting therefrom have been given effect to by (1) a charge of \$397.387 against income for fiscal year 1945 for additional amortization, 12) net charge of \$73.541 against earned surplus representing \$375.161 additional amortization applicable to prior years less \$301,620 refundable Federal income taxes and (3) net charge of \$53.130 against surplus of subsidiaries acquired during fiscal year 1945, representing \$123.452 additional amortization, applicable to periods prior to acquisition less refundable Federal income taxes.

$M_{\star}$	OUDY'S I	<u>MANUA.</u>	L $OF$ $IN$	PESTM	FXTC		
Cost ar	DeC 31:			20111	THE		
Year Net Sales Expens	ses Profit	Ded. (Net)	Inc. Bef. Taxes	Income	Net Cer	mmon Com Sh	
1940 6.912.362 5.998.9	270 \$66,501 908 913,454	\$20.764	\$87,265	Taxes \$34.053		idends Outstan	hs. Earn. nd. Com. 00 \$0.1
	151 2.151.30 <b>2</b>	28,606	951.507 2.179.908	185.895	765.612 \$2	25.000 300.00 35.000 300.00	50.1
Eal ance out of oct 31.			2.093,465	1.082.850	1.010.615	35.000 \$35.00 35.000 335.00	10 3.5
ASSETS	PARATIVE COI	NSOLIDATED	BALANCE ST	TEET AS OF	יי איי	ააა.00	3.0
U. S. Ireasury notes	\$4.440. <b>84</b> 4	1947 \$2,972.638	1946 \$2.866.643		1944	1943	
MNotes & accounts receivable (net)  Post-war excess profits tax refund	17.699.379	12.269.372		\$8,474.254 1,170.361	\$8.895.774 231.150	TR 470 050	\$5,221,
Post-war excess profits tax refund. Prior year inc. tax refund (current) Terminated war contract claims and charges	357,503	353,116	8.432,640	6,585.019 540,910	4.992,147	4.668,389	المعادة
	J= 1 01US		631,500			*******	5,034
Finished products  Finished products  In-process products and parts  Raw materials and supplies  Advances to subcontractor	10.000	£ 710 000		4,91G.733	881,122	350,573	
Raw materials and supplies	10.962,652 12.737.864	6.716.966 10.976.810	4.836.936 8.003.496	3.015.450	·		
Advances to subcontractors Advance payments on contracts	9.748.802	6,190,201	8.003.495 5 <b>,65</b> 7 <b>,648</b>	5.809.453 4.036,826	981.296 6.072.224 1.765.391	829.466 5.416.161	
Total assessment	cr 2.579.009			c7 179.061	1,,65,391	1.227.953	1.540 6.599 1.405 67 1.373
Total current assets  (I) Land and land improvements  (I) Buildings	\$53.369.125	\$39,479,233	\$30,429,063		cr 185,098	er 762.143	CT 1 378
DiBuildings	977.356 6.773.280	845.359 5.205,512	\$30.429.0F3 780.315 4.102.853	\$34.431,945 725.536 3.729.929	\$20,544,006 203,709	\$20.568,417	Z:9 -e.
Buildings  JMachinery and equipment, etc.  JEmergency facilities	20.401.967	17,250,205	13.564.330	10.782.883	203.709 1.831.281 5.750.669	135.399 1.814.374	1 501
Total	99 182 602	*******	2,357.335	10.782.883 2,410.762	5,7E0.669 1.682,229	5.591,344 1,475,490	
Total  Less: Reserve for depreciation  Reserve for amortization	28.152.603 10.987.214	23,301.086 8,453,511	20.907.933	17 670 110	9.497,888		1.153,
The state of the s	2.323.692	8.453.511 2,346.647	8.573.342 2.357,335	7.927.017 2,440,782	4.603.164	9.070.607 4.277.280	£.585.7 3.987.0
Net property Invest in and advances to unconsol. subsidiary	14.841.697	11,500,928	9,877,256	2,440,782	762.928	481.444	3.987
Invest in All a services	******		•	7.311.331	4,131,795	4.311.833	4.453.2
Post-war excess profits tax refund	150.000	150,000	75,000	108.523		31.339)	
Aprior years income tax refund	16.297	295.711	715.419		105.000 502,454	<b>30.0</b> 00 f	49.8
Patents Prepaid insurance, deferred taxes, etc.	1.008,236	180,575	715.419 319.037	575.046 235.858	112,777	239,162	39,6
make)	541.008	381.917	300.095	304,125	1	80.105	100.6
Total LIABILITIES	\$69.925.364	\$51,938,365	\$41,715,871		242,230	207.274	244,67
Notes marchi				\$42,966,831	\$28,639,274	\$25,468,181	\$23,648,34
To banks (unsecured) To banks (Regulation V to subs.) Current portion of long-term debt.  BAccounts payable.			\$7,000.000			•	6,3(
BAccounts payable, etc	\$7.953.818	\$1.109.797		\$6.528,190	\$9.500.000	\$8.500,000	
Terminated war contracts	\$7.953.818 3.576.452	6.326.188 1,526.077	5.252.821 179.779	4.751.628	4.016,672	58.500.000 150.000 ,3.118.298	\$6,000,00 150,00
DAccounts payable, etc. Advance payments on contracts. Terminated war contract liabilities. Accrued payrolls & oth. compensation Accrued taxes, interest, rent			179.773	654.654			150.00 2.971.4: 1.115.79
EFederal, state & Canad, inc. taxes	2.135.641 1.373.325 5.120.356	1.556.381 675.948	885.761 807.229	1.023.663	460.395 674.690	235.951 609,366	4.443.120
Tatal assessment to a serve	5.120.356	3.669,926	1.450.028	736.888 3,514.535	320,295 2.120,024	321.458	423.060 260.004
Whinority int in company	\$20.159.592 12,500.000	\$15.064,317	\$15.575,612	\$17.209.558	2.120.024	2,400,245	2.534.395
TICOMMON	******	6.390.203	*******		\$17.098,079 300,000	\$15,335,348 450,000	\$13,754,591
Common stock	5.820.000 547.569	5,880.000 547.568	5,940,000	812.000 6.000.000		450,000	1,350,00
Earned surplus	547.569 12.777.733 18.120.470	12.522.826	547.568 12.520.851 7.131.640	530.030 11.739.097	350.000	3,350,000	3.350.00
Total	\$69.925.764	11.533.451		6.676,146	6.485,539	854.260 5.478.573	854,250
III948-42: After deduction	\$69.925.354 \$33.208.533	\$51.938.365 \$24.414.916	\$41.715.871 \$14.853.451			\$25 400	
[1]948-42: After deducting reserves: \$420.218: 1947. \$398.905; 1946. \$525.014: 1945. \$420.218: 1944. \$204.508: 1945. \$190.981: 1942. \$169.6 1944-43: Includes reimbursable expendit from Government agencies: 1944, \$50.326; \$307.236.	1948. Difference	e between na	=	511.222.387	\$6.415.927	\$5,203,069	\$23.645.345 \$5.00e
1944-43: Includer retended 1942. \$169.6	40. ing the	vear, \$1,975	ed and cancell	ed dur- Exce	ss of selling	v. 1, 1943, \$854.2	60. Add
from Government agencies: 1944, \$50,326; \$307,236.	ures   \$12.522.826. 1943. 1946	ilance Mess	1948	4847, Over	amount assigne	v. 1, 1943, \$854.2 ce of 15.000 treasu ed to stated capi	tal. Sys
TAt lower of cost (principally	duct: Diff	alance, Nov. 1, lerence between	n par value -	nd cost subsid	diary compan-	ed to stated capi offul accounts pro v at date of ac	ovided by
or replacement market.  D1947-48 Emergency facilities (previous	cost) of preferr	red stock pure	chased and ca	incelled from	rned to capital stated capital s	surplus). 375,146:	transfer
\$307,236.  At lower of cost (principally average of replacement market.  [1947-48 Emergency facilities (previous shown separately) which amounted to \$2.32.647 in 1947 and \$2.323.632 in 1948 are included.	346   panies ===	er subsection	oks of acquire	d com- stool-	having - with	n connection with hout par value t value of \$1.00 per volue t	O Capital
in appropriate property items	nection	value or capital	I stock issued	in con-	.000: balance N	hout per value t Value of \$1.00 po Vov. 1, 1944, \$4,40 V. 1, 1941, \$181.31 restoration of	er share,
All Tetimotosis and	TIECHOII WI	\$625.042	of subsidiaries	during Credit	Balance, Nov	V. 1, 1941, \$181.31	19. Ådd:
ing losses and anti-culty-back of one				t dates to rec	Orded cost lass	ets of Bryant He	eater Co.
5 1946-42. Includes action	tax quired du	ition) of subsidering prior ves	diary compan ar, \$157,712; b	ies ac- at dat	orded cost, less te of acquisition	reserves for depring (July 1, 1933)	reciation
renegotiation retunds estimated liability	1945 Pai	Inne Men		Eovais	of carrying	value of net a	S439,434; Seets of
notes: 1945 After deducting U. S. Treasury	ACCULTER A	200000000000000000000000000000000000000	anowit Di. Do	oks of veetm	diligition . I	CO. CO. C.	D. AT CER
\$5,175,507; 1942, \$160,000; 1944, \$4,511,650; 1	943, adjustment	tel Cues ses	er' annsedriellf.	minor \$854.26	ent, \$230,487;	balance, Oct.	31. 1942.
DPar value: 1948-45, 50 cents; 1944, \$1; 1943.	-42. Sidiary con	connection with	h acquisition	I stock   §194 Of sub-   nersyi	45: 8.000 preferr		
ing 15,000 shares half in 350.000 shares, incl	Ude levener of m.		MIE VERT 313	318 741 torusal.	dividends.	b. at bar value	and ac-
follow: Changes in "Capital Surply	us" writers' co	ommissions of	\$165.000) Ove	under-	Gener	ral Notes	
1947: Balance, Nov. 1, 1946, \$12,520,851, A		\$15,000; balance	e, Oct. 31, 1945	subsidi - ا عنام وا	Inties	company and al	TI 01 122
STATISTICAL RECORD, FISCAL YEAR	RS	·	., 40%	(b) • (b)	Accounts certie	ied by Ernst & E	'rnet
Earned per share—preferred	1948	1947	lete.		617	-, went & 1	
Times preferred distant	\$138.12 \$7.14	\$75.50	1946 \$17.46	1945 \$32.03	1944	1943	1942
Dividends per share—preferred	35.64	\$3.85 20.03	\$0.74 4.61	<b>31.60</b>	EDS4.73	\$5.53	1942 (135.16
Price range—preferred	\$3.75 \$1.59	\$3.75	\$3.7 <u>5</u>	\$0.93% \$1.20		*******	
Targetted	98-63 31\6-18\6	9814-80	nil 116–91	113-11114	\$2.00	\$1.00	51.50
proper per sur-hteretted""	<b>\$</b> 640.31	\$518.43		113-11134 103356-27 5415.75	5894-2814		
Fixed charges earned: Before inc taxes a decay	\$28.71	\$22.47	\$440.07 \$16.45	\$415.75 \$17.87		******	074-1214
Before inc. taxes & depr. & amort	33.42	48.41	16.34		\$32.12	\$28.90	\$25.29
After ing towns a server	30.04	41.54		<b>27</b> .75	24.01	33.63	50.37
Net tang assets at one seamed.	19.52 12.57	<b>2</b> 5. <b>6</b> 6	9.04 8.96	23.45 6.25	21.87	31.25	45.28 17.23
Net curr assets no contact debt	\$3.981	11.50 \$5.770 -	3.29	6.25	5.30	7.07	17.29
Number of shares—preferred	\$2.657 58.200	\$3.821 58.800	59.400	******	\$38,471 \$21,488	\$22.517	57.13 \$3.70
MCalandan — continon	1005159 .	58.800 1,095,137	59,400 1,095,137	60,000 1,060,059	\$21.486	\$11,607	\$3.70
After renegotiation: 1944, \$4.50; 1942, \$	14 79			1,060,059	350,000	335,000	534-134 50.37 50.37 50.38 17.39 57.39 57.39 53.500
(After deducting preferred dividend re	equirement co-	full					• • • •
	IOP	year.					

poed 57,500,000 under a loan agreement rowed 57,500,000 under a loan agreement prudential Insurance Co. America and Insurance Co. America and provides for borrowings up to \$12,500,000.

Outstanding Oct. 31, 1948, \$12,500,000.

Tourisanding Oct. 31, 1948, \$12,500,000.

Tourisand to retire outstanding term loan of the second of the second of the second of the second outstanding term loan outstanding term loan of the second outstanding term loan out

Jan agreement requires company to main-gan consolidated working capital of at least

in consolidated working capital of at least \$100,000.

Agreement further provides that company.
Agreement further provides that company provides the provided of principal sount of holders of two-thirds of principal sount of notes (then outstanding), redeem, etter or otherwise acquire any shares of its suck size declare or pay any dividend, except that on account of any shares of its stock, saless after such redemption, distribution or evidend (a) 70% of excess of consolidated net camings over consolidated net losses for sound commencing on Oct. 31, 1947, to last scall quarter preceding date of such redemption, distribution or dividend, shall equal or exceed aggregate amount of all dividends, and other distributions paid or declared on any class of stock dissequent to Nov. 1. 1948, plus the excess of aggregate amount expended subsequent to Oct 31, 1948, for redemption or acquisition of any shares of any class of stock, over aggregate amount received subsequent to Oct. 31, 1948, proceeds of sale of stock, and (b) considered working capital shall exceed \$29, 2000.

THE PROPERTY OF THE PARTY OF TH

L Bresser Industries, Inc. 33/9% cumulative envertible preferred; par \$100:
AUTHORIZED—All series. 118.200 shares: out-manding, this series. 58.200 shares; par \$100. PREFERENCES—Has preference for assets

Entitled to cumulative stylends at rate of \$3.75 per share annually pysic quarterly Mar. 15, etc., cumulative but Sept. 15, 1945.

him Sept. 15, 1945.

INVIDEND RESTRICTION — Company may sot pay any dividends (except in junior stares) or make any distribution on, or acture for value or provide for redemption of, amior stock, if (1) thereafter total of all resemblions of junior shares subsequent to Oct. It. 1944, exceeds the sum of (a) consolidated at income from and after such date, (b) 18,000,000 and (c) net proceeds from sale after such date of junior shares; or (2) as of Apr. 30 at Oct. 31 next preceding, and after giving effect to all such disbursements after such fate, the sum of the par or stated value of all junior stock plus consolidated surplus is

less than 150% of the sum of consolidated funded debt and involuntary liquidation value of all preferred and stock having priority or parity therewith.

DIVIDEND RECORD—Initial dividend of 93%, cents paid Dec. 15, 1945; regular dividends paid quarterly thereafter.

DIVIDEND RECORD—Initial dividend of 93%, cents paid Dec. 15, 1945; regular dividends paid quarterly theresiter.

VOTING RIGHTS—Has one vote per share. While an amount equal to dividends for one year is in default preferred, voting separately as a class, is entitled to elect one-third or next highest whole number of directors.

Affirmative vote (at a meeting) of 85 2/3% of preferred necessary to (1) create or increase any stock ranking prior to preferred; (2) amend or repeal provisions applicable to all series of preferred; (3) reclassify preferred; (3) reclassify preferred; (10 inducte or dissolve, or dispose of substantially all asset; or (4) consolidate or merge, unless (a) rights of preferred are safeguarded, and, (b) immediately theresiter resulting corporation and subsidiaries shall not have eutstanding funded debt or stock greater in amount than that permitted to company and its subsidiaries.

Affirmative vote (at a meeting) of 65 2/3% of any particular series of preferred necessary to change rights of such series.

Unitess as of Apr. 30 or Oct. 31 next preceding, and after giving effect to any such transactions made after such date and proposed, the sum of (a) par or stated value of all junior stock and (b) consolidated funded debt plus involuntary fluidation value of preferred and any stock having priority or parity therewith, the affirmative vote (at a meeting) of all series of preferred shall be necessary to (1) create, assume, incur or guarantee, directly or through a subsidiary, any funded debt, except for renewal or extension of funded debt; (2) issue preferred or any stock having priority or parity therewith.

L'QUIDATION RIGHTS—In liquidation, entitled to \$100 per share if involuntary and to redemption price if voluntary, plus accrued dividends in all cases.

CONVERTIBLE—Into common prior to Sept. 15, 1955 (or if called, to redemption date) on havis of 215 entrepresidents.

CONVERTIBLE—Into common prior to Sept. 15. 1955 (or if called, to redemption date) on basis of 2% common shares for each preferred share, with scrip for fractional shares. Conversion rights protected against dilution.

such sum shall be so applied and deficit shall be cumulative. Credit may be taken for excess

be cumulative. Credit may be taken for excess retirements.

ADDITIONAL PREFERRED—May be issued in series with dividend rate and other provisions as fixed by directors subject to prescribed limitations.

PURPOSE—Net proceeds to redeem 8% preferred of a subsidiary and to pay short term bank loans; balance for additions to plant and equipment and working capital.

LISTED—On New York Stock Exchange.

TRANSFER AND DIVIDEND DISBURSING AGENT—New York Trust Co., New York.

REGISTRAR—City Bank Farmers Trust Co., New York.

cents: cents: AUTHORIZED—2.400.000 shares: issued and outstanding, 1.095.137 shares; reserved for con-version of preferred, 145.500 shares; par 50 cents (changed from no par to par \$1. Oct. 23, 1944; to par 50 cents, Mar. 27, 1945, on a two-for-one split).

### Dividend Record (in \$) (Calendar Years)

1941-42 1.50

On 50-cent par singres:
1945... 1.20
1946.47 nil 1948... 1.50
1949. 0.50
1710 Mar. 16.
DIVIDEND LIMITATIONS—See 334% preferred (No. 1) and loan agreement, above.
LISTED—On New York and Los Angeles Stock
Typhanges.

Exchanges.
TRANSFER AGENTS—New York Trust Co.,
New York, and Bank of America N. T. & S. A., New York, and Bank of America N. T. & S. A., Los Angeles. DIVIDEND DISBURSING AGENT—New York Trust Co., New York. REGISTRARS—City Bank Farmers Trust Co., New York, and Security-First National Bank, Los Angeles. PRICE RANGE— 1948 1947 1948

share, with scrip for fractional shares. Conversion rights protected against dilution.

PREEMPTIVE RIGHTS—None.

CALLABLE—As a whole or in part on at least 30 days' published notice at any time to sept. Is incl., as follows, per share, plus dividends: 1950, \$107.50: 1955, \$105, and at \$104 thereafter. Also callable for sinking fund, which see, at \$103 per share. Not less than all preferred may be redeemed if any dividends are in arrears.

SINKING FUND—On or before each Apr. 15, 1946 to 1955, incl., an amount (to extent of consolidated net income for preceding fiscal year less preferred dividends) sufficient to purchase at \$103 per share. 1% of all 324% preferred theretofore issued: any balance not so used within 12 months to be returned to general funds.

On or before each Oct. 15 beginning 1955, company shall retire 2%; of all 334% preferred issued prior to close of next preceding fiscal year less preferred dividends) for preceding fiscal year is less than required amount, the first proceding fiscal year is less than required amount, the first proceding fiscal year is less than required amount, the first proceding fiscal year is less than required amount, the first proceding fiscal year is less than required amount, the first proceding fiscal year is less than required amount, the first proceding fiscal year is less than required amount, the first proceding fiscal year is less than required amount, the first proceding fiscal year is less than required amount, the first proceding fiscal year is less than required amount, the first proceding fiscal year is less than required amount, the first proceding fiscal year is less than required amount, the first proceding fiscal year is less than required amount, the first proceding fiscal year is less than required amount, the first proceding fiscal year is less than required amount, the first proceding fiscal year is less than required amount, the first proceding fiscal year is less than required amount, the first proceding fiscal year is less than required amount.

BE

### JOY MANUFACTURING COMPANY

CAPITAL STRUCTURE CAPITAL STOCK

Issue Par Amount Value Outstanding St. 254 sits.

HISTORY incorporated Peb. 7. 1939 under the laws of Pennsylvania and on Sept. 50. 1939 acquired the assets subject to liabilities of a company of similar name incorporated in Delaware Oct. 1921.

in Sept. 1945, acquired land, plant and equipment of Arms-Franklin Corp. of Franklin. Pa.

Affective Feb. 28, 1946, Sullivan Machinery
(b. (incorporated in Mass. Dec. 26, 1913) and
Ladel Conveyor & Manufacturing Co. (incorporated in Chio Mar. 29, 1926) were merged.

Manual. Mar. 29, 1926 were merged.

Manual. Mar. 29, 1926 were merged.

Manual. Manual. Manual. Manual. Manual. Manual.

On May 31, 1946, company purchased real production of the plant, equipment, tools, supplies, influences, goodwill and business of Brecken-Joy of Machine Co. (O.) for \$879.249.

The Machine Co. (O.) for \$879.249.

The production of the plant of the plan

On Nov. 15. 1947, company entered into an agreement to purchase authorized but uniqued stock of National Mine Service Co. (W. 19.), representing a minority interest of approximately 35%. Company agreed to pay 100,00% in installments of \$175,000 each on 1948, and prior to Sept. 30, 1948 and prior to Se

Earned per Sh. 1948 1947 \$8.14 \$8.52 ①Divs. per Sh. 1943 1947 S3.00 \$1.80

proximately 40% in event additional stock is issued.

On Nov. 19. 1948, company acquired inventories and physical assets of Whitehall Machine & Tools Ltd., Galt. Ont., title to which were taken in name of its subsidiary Joy Manufacturing Co. (Canada), Ltd.

SUBSIDIARIES

Primarily an operating company, but as of Dec. 31, 1948, held 100% voting power in the following foreign subsidiaries:

Name, place of incorporation and business:

Joy Manufacturing Co. (Canada), Ltd. (Ontario, Can.)—Sales: also manufactures com-

tario. Can.)—Sales: also manufactures compressors, mine car loaders and core drills at
Galt. Ont.
ov-Sullivan. Ltd. (London. England)—Sales;
also manufactures, through a subcontractor. coal cutting machines and chain and
belt conveyors which are sold to the British
Government and also for export. In 1948 the
British Government leased manufacturing
space to subsidiary in a plant in Scotland space to subsidiary in a plant in Scotland and was also building a new plant close by. Compagnie Joy (Paris, France)—Sales. Sullivan Compagnie (Brussels, Belgium)—

tures mine car loaders, shuttle cars and Joy-Sullivan Machinery Co., S. A. (Mexico City, Mcx.)—Sales.
AFFILIATE

1948 4314-303a

Call Price

Price Range 948 1932-48 -30% <u>19314-814</u>

As of Mar. 31. 1949, company had a 40% interest in National Min? Service Co. (W. Va.) which engages primarily in the business of renair and rebuilding of mining machinery and in the sale of related parts. It performs such services for the company in certain mining areas east of the Mississippi River.

For full details of acquisition of National Mine Service Co., see under "History" above.

BUSINESS & PRODUCTS

Company is primarily engaged in the manual

of National .

Company is primarily engaged in the manufacture and sale of mining machinery and equipment largely used in underground mines. Similar and other products are also manufactured and sold to the construction, petroleum, marine and other industries and to municipal governments.

Manufacturing activities of the company are conducted through the following four divisions:

Compagnie Joy (Paris, France)—Sales.

Sullivan Compagnie (Brussels, Beigum)—
Sales.

Joy-Sullivan Machinery Co. (Pty.) Ltd.

(Johannesburg, Union of South Africa)—
Sales: also manufactures certain parts and components for rock drills, hoists and mine car loaders.

Joy-Sullivan Machinery Co. (Pty.) Ltd. (Sydney-Sullivan Machi

# MOODY'S MANUAL OF INVESTMENTS

AMERICAN AND FOREIGN

### INDUSTRIAL SECURITIES

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1950

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1943 87.38 82.00

1943 1.85 17.62 62.41

59.29 41.72 6.62

100.00

5.38 18.70 1,367.50 273.49 7.40

12.95

100.00 90.66 2.97 6.37 1.98

such reductions have occurred company, having made replacement election provided for in income tax regulations, has been permitted to charge against taxable income of year in FINANCIAL & OPERATING DATA statistical Record, Fiscal Years
Earned per share—common
Dividends per share—common
MPrice range—common (old)
—common (new)
Net tangible assets per sh.—common
Mumber of shares—common 1949 \$7.37 \$1.50 3914-30 \$33.49 1,634,748 4234-2674 \$44.66 1,634,748 II Calendar years.

[4] Includes \$0.50 paid prior to 3-for-1 split. 100.00 100.00 6.94 18.40 1.438.51 351.38 924.09 300.29 13.05 14.10 19.47 16.49 100.00 92.39 2.50 3.11 0.56 0.20 5.87 90.99 2.92 6.09 0.97

Total
Interest and miscal, deductions
Interest and miscal, deductions
Prov. for war & post-war conting
Income before income tax
Income taxes and surtax
Tax credit
Net income CAPITAL STOCK I. Archer-Daniels-Midland Co. common; no par: AUTHORIZED—2,500,000 shares (increased from 750,000 shares Aug. 31, 1945); issued 1,-645,638 shares; outstanding, June 30, 1949, 1,-634,748 shares; no par (on Aug. 31, 1945, holders received 2 additional no par shares equivalent to 3-for-1 split).

Dividend Record (In \$) (Calendar years) (no par shares) (11 1927-28 3.00 19 1923-26 NII

1945-19 1948-19 1929 ... M1.00

which involuntary reduction occurred, cost (in excess of original base prices) of subsequently restoring quantities to base amount and, to file claims for refund in respect of in current assets in 1949 balance sheet.

1947

\$9.58 \$2.10

1947

33.73 46.69 71.85

38.19

100.00

8.75 20.87 2,166.05 335.93 17.96

100.00 89.33 2.71

7.96 0.56 0.30 8.82 0.17

5.34

\$63.63 \$44,916

1944 1.83 8.24 72.31 63.64 64.94

100.00

3.59 20.76 1.880.17 309.92 7.64

7.64 13.50

100.00

0.10 9.75 0.32 0.26

\$6.49 \$2.50 72\2-50 30\4-23\2 \$67.62 \$44.916

16 80 62.50 69.13

46.83

100.00

1.754.47 292.74

5.86 17.70

9.60

10Ú.UN

90.98 3.23 5.79

0.18 7.04 0.51

8.53 4.48

\$4.03 (2)\$1.10

1946

2.44 32.84 47.12 69.75 43.04

100.00

7.63 18.34 1.674.16 287.77

10.44

700.00 90.84 3.38 5.78

1.19 0.16 7.13 0.32

1.25

4134-2636 \$26.00 1.634.748

2.03 2.46 3.62 Dividends payable quarterly Mar. 3, atc. to stock of record about Feb. 20, etc.
PREEMPTIVE RIGHTS—Has the right to subscribe to additional common or securities convertible into common. LISTED—New York and San Francisco Stock Exchanges.

TRANSFER AND DIVIDEND DISBURSING AGENT—Chase National Bank, New York. REGISTRAR-Guaranty Trust Co., New York.

### DRESSER INDUSTRIES, INCORPORATED

4.01 5.34
(no par shares after 100%, stock dividend
Mar., 1923)
329— [D1.50 1930— 2.00 1931— 0.7
332—33 1.00 1934— 1.50 1935— 2.0
336— 3.00 1937— 2.00 1938— 1.2
343— 1.10 1940— 1.40 1941— 1.2
342—43 2.00 1944— 2.50 [D1945— 1.3
45— 0.20 1946— 2.00 1947— 1.2
443—49 2.00 [D1950 0.50

0.15

5.72

TPlus 100% in stock Mar. 1, 1929. To Sept. 2. To Mar. 2.

0.38 7.04

CAPITAL STRUCTURE Times Charges Earned 1949 1948 12.97 30.04 FUNDED DEBT
Issue
1. 3½% promis. notes, due 1951 to 1962 Amount Outstanding \$12.500,000 Price Range 949 1932—19 E-----Call Price 1949 Rating Dates CAPITAL STOCK
Issue
1. 334% cum. conv. preferred
2. Common Par Value \$1 \$0.50 Earned per Sh. 1949 1948 \$61.31 \$138.12 3.02 7.14 Divs. per Sh. 1948 Call Price Amount Outstanding Price Range 1949 1932-49 86½-78 (1116 -7 24½-16% (£33%-1 1949 1 \$3.75 \$3. 1.87 ½ 1. 116 -78 33%-14 57,500 shs. 11,112,652 shs. 4 107 % 1.1216

DAs of Dec. 31, 1949. Privately placed. DFiscal years. ESubject to change, see description below. ERange since 1945. ERange since 2-for-1 split in 1945; range from 1939 to the split in 1945, 6234-6.

### HISTORY

Incorporated under the laws of Pennsylvania, Dec. 31, 1938, as Dresser Manufacturing Co., as result of a consolidation of S. R. Dresser Mfg. Co. (incorporated in 1905 as successor to a business founded in 1880) and its wholly-owned subsidiary. Clark Bros. Co. (N. Y.; incorporated, 1903). Also Clark Bros. Co., Inc., a new wholly-owned subsidiary, emerged from the consolidation. Name changed to Dresser Industries, Inc., Oct. 23, 1944.

ery, emerged from the consolidation. Name changed to Dresser Industries, Inc., Oct. 23, 1944.

On Oct. 1, 1940, acquired entire outstanding capital stock of Pacific Pump Works, Cal. (name changed to Pacific Pumps, Inc., Sept. 8, 1944).

On Jan. 1, 1942, acquired all of outstanding capital stock of Bovaird & Seyfang Manufacturing Co. (Pa.).

On Nov. 1, 1944, company acquired, by issuance of 103,000 shares (par \$1) of Dresser common, net assets of International-Stacey Corp. and its subsidiaries, International Derrick & Equipment Co. of Ohio, Calif. and Texas (three separate companies), Roots - Connersville Blower Corp. and Stacey Bros. Gas Construction Co. Subsequently, Dresser transferred to International Derrick & Equipment Co. of Ohio) all assets and properties of International-Stacey Corp., including issued and outstanding capital stocks of International Derrick & Equipment Co. of Texas and California, (which two companies were later merged into International Derrick & Equipment Co. of Ohio) and Stacey Bros. Gas Construction Co. Capital stock of Roots-Connersville Blower Corp. is held by Dresser. International-Stacey Corp. was dissolved.

On Feb. 1, 1945, acquired net assets of Kobe Co. These net assets were subsequently transferred to Kobe, Inc., the old company being dissolved.

During first half of 1945, company purchased remaining 50% interest in Robo Corp. Roko

During first half of 1945, company purchased femaining 50% interest in Roko Corp. Roko has subsequently been dissolved and its assets transferred to Kobe, Inc.

### SUBSIDIARIES

Dresser common stock.

8UBSIDIARIES

As of Feb. 1, 1930 company held 100% voting control in following subsidiaries:

Bevaird & Seyfang Manufacturing Co. (Pa.):
Founded 1891. Manufactures geared pumping powers, bandwheel pumping powers, pumping iacks, and convertible gas or oil engines and allied accessories and equipment.

Clark Bros. Co., Inc. (N. Y.): Founded 1880. Manufactures gas. steam and Diesel engine driven compressors of all sizes from 75 to 4,000 BHP, supplied principally to oil and natural gas industries. Also marine and stationary diesel engines; and slush pumps used in rotary oilwell drilling as well as small oilwell pumping engines and similar equipment.

Dresser Manufacturing Co., Ltd. (Ontarlo, Con.): Organized Sept. 24, 1931 to sell parent company's products in Canada.

International Derrick & Equipment Co. (Ohio): Founded 1920. Manufactures oilwell pumping units, derricks and drilling units, such as drawworks, rigs, rotary tables, swivels for rotary drilling; also cable tool equipment; also prefabricated steel buildings—hangars, garages, etc. aviation, communications and electric power line equipment such as towers. sub-station structures and radio and television towers.

Magnet Cove Barium Corp. (Ark.): Founded 1910. Mines and processes haritic ore for use

and pre-packed gravel liners.

Pacific Pumps, Inc. (Cal.): Founded 1923.
Manulactures centrifugal pumps (large vertical and horizontal types) for refineries and oil lines including hot-oil charging pumps; high pressure holler-feed pumps for electricgenerating plants; general service pumps for petroleum and other industries; deep-well plunger pumps for oil wells.

Owns entire outstanding capital stock of Pacific Pumps, Inc. Mid-Continental Division, which company distributes "Pacific" pumping equipment and maintains oil field stores.

Roots-Connersville Blower Corp. (Ind.):

Roots-Connersville Blower Corp. (Ind.):
Founded 1854. Manufactures blowers, exhausters, boosters and compressors for movement of air and gases in steel, gas, chemical and other industries; also air and liquid pumps, meters.

Security Engineering Co., Inc. (Cal.):
Founded 1931: incorporated Jan. 25, 1937. Manufactures cii well drilling bits, reamers, liners, core drills and fittings. Also a patented drillable alloy "Securaloy."

Security Engineering Canada, Ltd. (B. C.): ounded in 1949. Manufactures and sells in anada products of Security Engineering Co., Founded in

Inc.
Stacey Bros. Gas Construction Co. (Chie):
Founded 1915. Produces dry and wet seal gas
holders for municipalities and utilities, fabricated vessels of all types for food, chemical
and general industrial use, heat exchangers
and aluminum fabrication. See also StaceyDresser Engineering Division, below.

DIVISIONS Stacey-Dresser Engineering Division: A di-vision of Stacey Bros. Gas Construction Co. ï

Engineers and constructs liquified gas storage plants and plants for large volume production

plants and plants for large volume production of oxygen.

Dresser Menufacturing Division: Products are pipe couplings, fittings, repair clamps and sleeves; rolled and welded rings, specially designed rims, motor frames and weldments; copper tubing fittings, welding fittings and flanges.

### AFFILIATE

Hydrocarbon Research, Inc. (33 1/3%-owned) engages in experimental and development work on the engineering and commercial application of the "Hydrocol" process for making gasoline from natural gas. BUSINESS & PRODUCTS

Dresser Industries, Inc. is an affiliation of member companies, joined together by a common ownership, with kindred interests, coordinated products and related markets, operating chiefly in the oil, gas and water and chemical industries, producing equipment used in drilling, transporting and refining crude oil and natural gas.

## PRINCIPAL PLANTS & PROPERTIES

As of Dec. 31, 1949, principal plants of company and its subsidiaries were as follows:
Dresser Mfg. Division Plant-Located at Clark Plant-Located at Olean, N. Y. Pacific Pumps Plant-Located at Huntington Park Cal. and service plant at Tulsa, Okia. Bovaird & Seyfang Plant-Located at Bradford, Pa.

ford, Pa.

International Derrick Plants—Located at BradInternational Derrick Plants—Located at Columbus and Delaware, O.; Beaumont and Dalias, Tex.; and Torrance, Cal.
Roots-Connersville Plant—Located at Connersville, Ind.
Stacey Bros. Plant—Located at Cincinnati, Kobe Plant—Located at Huntington Park, Okla., and service plant in Oklahoma City. Okla.
Security Engineering Plant—Located at Whittier, Cal.
Magnet Cove Mine and Plant—Located at Malvern, Ark.
Security Engineering Canada Plant—Located at Security Engineering Canada Plant—Located at New Westminister, R. Engineering Canada Plant—Lo-ew Westminister, B. C. cated at New

INCOME ACCOUNTS

### MANAGEMENT Officers:

Officers:
H. N. Mallon, President
J. B. O'Connor, Exec. Vice-President
R. E. Reimer, Vice-Pres. Sec. & Treas.
C. Paul Clark, Vice-President
A. F. Weis, Vice-President
A. F. Withinrich, Asst. Sec. & Asst. Treas.
Directors:
Prescott S. Bush, New York
Norman Chandler, Los Angeles
C. Paul Clark, Olean, N. Y.
William V. Griffin, New York
H. N. Mallon, Cleveland, O.
William A. McAfee, Cleveland, O.
J. B. O'Connor, Cleveland, O.
Arthur R. Weis, Huntington Park, Cal.
Annual Meeting: Third Monday in March.
Munber of Steckholders: Oct. 31, 1949: Pre-

Number of Stockholders: Oct. 31, 1949: Pre-ferred, 365; common, 5,550.

Number of Employees: Oct. 31, 1949, 5,700. General Office: 1130 Terminal Tower. Cleve-land 13. Ohio. After May 1, 1950, Atlantic Bidg. Dallas. Tex.

COMPARATIVE  Net sales Cost of goods sold Sell., engineering, gen. & adm. exps  ElOperating.	1949	TED INCOME 1948 ES108.636.897 79.331.541 18.593,700	\$80,095,199 60,033,068 12,481,958	FISCAL YEARS 1946 454.753.188 44.513.768 9.738,239	\$ ENDED OCT. 1945 \$80.544.91: 63.689.275 8.102,727	31 1944 \$54.995.409 41.908.286 3.948,445	1943 \$62,499,030 48,975,018 3,299,167
Total income	754,721 6,289,479	13,118,169	7,580,173 274,616	533.181 650.545	8,752,909 173,877	9.138.677 64.293	10,224,845 56,779
Miscellaneous other deductions. Federal income taxes  (Federal excess profits tax	473.651 145.571 3.326,000 85.000 cr 304.000 38,075	433.979 36.247 4.460.000 104.000	7,854,789 179,983 17,960 2,856,000 54,700	1.183.726 130.232 47.191 761.000 51.000 35.400 cr 837.000 cr 41.332	8.926,783 366,200 19.384 729,000 5,645,000 41,250 cr 115,000	9.202.970 385.572 8.437 560.000 5.777,000 53,000	10,281.624 304.834 5.281 800,000 6,723,000
That there	£3,525,182	108.038.422	*******	*******	28.676 300,000 48.000	800,000	47.366 700.000
Earned surplus, beginning of year  BOther surplus credits Preferred dividends  Common dividends  Other surplus charges	18,120,470 218,062 2,053,382	11.533.451 219.375 1.232.028	4.439.189 7.131.840 184.047 221.625	1,037,235 6.676,146 225,000	1.921.628 6.485.039 21,250	1.656.359 5.478.573 20.407	1.851.143 4,339.494
Earned surplus, end of year	\$19,374,208	18,120,470	211 E22 451	328.541 28,000	1.407.053 345.018	670,000	586.250 125.814

	Formed considers and				<b>28</b> ,0
	Earned surplus, end of year	\$19,374,208	18.120,470	\$11.533,451	45.44
	TSources of net sales and net income			411,000,551	\$7,121,8
	TSources of net sales and net income as follows:	were lary cou	solidated held	by minority in	terest .
	O(1 & Caa A				
	-Vel sales: Paris Dis-	liance settleme	ints and surplu	adjustments	made in
	4310 ann ann ann ann ann ann ann ann ann an			. \$2,105,675; 1944	\$1.575
	1979 70 100 000	46.225 DPrin	\$1,633,800.		
		1947.	cipal Other S	urplus Credits"	follow:
	1948 5.792,108 2.2		on for fiscal ye		t of re-
		1949 for divi	dends seems	ed from under	rwriters
	\$1.614.326; 1948. \$1.467.467; 1947. \$1.183.554; \$951.7:6: 1945. \$1.575.017; 1947. \$1.183.554;			from Sept. 1 preferred share	
	\$951.7.6: 1945, \$1.575,017; 1944, \$823,389;	1943   1944: N			
	31949: Includes ever as	Cation o			
	(1) 1949: Includes \$455,010 gain on sale of subsidiaries.	f net Division	(100% control	acquired as of	nunent
	1948: Includes \$144.147 adjustments to	11943).			
1	serve for doubtful accounts and ments to	o re-   551945:	Includes \$453.	CUO common cas	

assets of subsidiaries.

1948: Includes \$144.147 adjustments to reserve for doubtful accounts and property and related reserves to conform to income tax

87.121.840

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related reserves to conform to income tax basis.

1946: Includes \$205,103 net gain realized from sale of investments in van der Horst Corp.

1946: Includes \$205,103 net gain realized from sale of investments in van der Horst Corp.

1946: Premium paid on retirement of preserved stock (held by minority interest) of a consolidated subsidiary.

1945: Accelerated amortization of cost of sergend (1944, \$242,000; 1943, \$204,000).

1946: Premium paid on retirement of preserved stock (held by minority interest) of a consolidated subsidiary.

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1946: Premium paid on retirement of preserved stock (held by min

	General Note
	(a) During Secal year 1045 nomenous and the
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	fundable Federal income taxes.

\$6.485,333

**95 478 573** 

\$6,676,146

fundable Federal income taxes.

(b) Net sales and net income for all companies that were Dresser subsidiaries on Nov.

(c) 1949 without regard to date of acquisition and, therefore, include Magnet Cove Barlum Corp. and exclude the three gas appliance companies which were sold in 1949.

1042	Net Sales	Net Income
1943	859,495,142	\$2,146,909
1944	58.394.483	1.877.357
1945	55.481.252	1.030.320
1740	42.365.581	636,780
174/	63.511.002	3.160.972
1948	90.139.591	6.510.983
1949	35.428.208	3,390,573

	marnings, years	ended Dec.	31:				, 1949		35.428.208	3,390,573
Year 1938 1939 1940 1940 1942 1942 TTen mon	Net Sales \$5.802.771 6.912.362 11.833.753 11.777.300 28.795.597	Cost and Expenses \$5.736,270 5.998,908 9.682,451 9.704,659	Operating Profit \$66.501 \$13.454 2.151.302 2.072.641 4,734.317	Oth. Inc. & Ded. (Net) \$20,764 38.053 28.606 20.824 53.401	Inc. Bef. Taxes \$87,265 951.507 2,179,908 2,093,465 4,680,916	Income Taxes \$34.053 135.895 983.225 1.082.850 2.952.400	Net Income \$53,212 765,612 1,196,683 1,010,615 1,728,516	Common Dividends \$225.000 635.000 335.000 418,750	Com. Shs. 300,000 300,000 325,000 325,000 335,000	Earn. Per Com. Sh. \$0.18 2.53 3.57 3.01 5.16

BALANAS AUGUS					•	-0,,,,,	5.10
BALANCE SHEETS COMI	PARATIVE CO	VEOLTD LESS.		•			
Cash	PARATIVE COI	NSULIDATED :	Balance shi	CET, AS OF O	CT. 31		
U. S. Treasury securities	\$7.321.725 2.926.293	\$4,440.844	1947 \$2.972,838	1946 \$2.866,643	1945 \$8,474,254	1944 \$8.805.774	19-13
Prior year inc	10,102,958	17,699,379	12,269,302	8,432,840	1.170.361 6.533.019	231.150	\$8,420,253 401,834
Terminated war contract claims and	371.514	357,563	353,116	631,500	540,910		4,668,380
Zilnventories:		******	******	*****	4,916,733	891 180	
	10.697,798	10.962.682	6.716.966		*10+0,100	881,122	<b>3</b> 56, <b>5</b> 73
	7.636.440	12.737.954	10.976,810	4,836,936 8,003,496	3.015,450	981.296	839,406
Advance payments on contracts	5.854.010 cr 1.321,287	9.748.802	6.190,201	5.657,648	5.859.452 4.038.826	6.072.224	5.416.161
		cr 2,579,069	******	******	cr 179.06;	1.768.391 cr 188.098	1.227.953 cr 762.142
Total current assets	\$44.089.454	252 200 400					C7 102,143
Buildings and publosements	802.005	\$53,368.125 977,356	<b>839,479,233</b> <b>845,3</b> 69	\$30.429.063	\$34.431,945	\$23,544,006	\$20.568,417
JiMachinery and	6.505,796 19,341,235	6.773.290	5.205.512	783.315 4.102.953	723.536	203.709	189.399
TEmergency facilities	15,341,233	20.401.967	17,250,205	13.564,330	3.729.929 10.782.88:1	1,931.281	1.814.374
, Total			******	2.357,335	2,440,762	5,780,669 1,682,229	5,591,34 t 1,475,490
	26.649.036	28.152.603	23,301.086	20,807,933			1,415,450
				E17,0014 , \$15.1	17,679,110	7.497.PES	2 mg 6mg

BALANCE SHEETS (cont'd) ASSETS Less: Reserve for depreciation Reserve for amortization	1949 10.439,370 2,121,004	1948 10.987.214 2.323.692	1947 9.453.511 2.346.647	1946 8.573.342 2,357,335	1945 7.927.017 2.440,762	1944 4,603,164 762,928	1943 <b>4.277.28</b> 0 <b>481.44</b> 4
Net property Invest in and advances to unconsol.	14,088,662	14.841.697	11.500,928	9,877,258	7,311,331	4.131,796	4.311,883
subsidiary Invest in sfill. & other companies Post-war excess profits tax refund.	250,000	150,000	150,000	75,000	108.525	105.000	31.339 30.000
mprior years income tax refund Miscellaneous receivables, etc. (net).	82.576 774,374	16.297 1.008.236	295.711 130.573	715,419 <b>319</b> ,037	575.046 235.858	502.464	239,162 80,105
Prepaid insurance, deferred taxes, etc.	334,851	541,008	381,917	<b>30</b> 0,095	304,125	242,230	207,274
Total	\$59,619,918	\$69.925.364	\$51,938,365	\$41,715,871	\$42,966,831	\$28,639,274	\$25.468,181
Notes payable: To banks (unsecured) To banks (Regulation V to subs.) Current portion of long-term debt  BAccounts payable, etc	\$2.656,788 3.292,738	\$7,953,818 3,576,452	\$1.109.797 6.326.188 1,526.077	\$7,000,000 5,252,821 179,773	\$6,528,190 4,751,628	\$9,500,000 4,016,672	\$8,500,000 150,000 3,118,298
Terminated war contract liabilities Accrued taxes, interest, rent, etc @Federal, state & Canad. inc. taxes	1,085,244 1,260,746 172,275	2.135.641 1.373.325 <b>5.</b> 120.356	1,556.381 875.948 3,669,926	885.761 807,229 1,450,028	654.654 1,023.663 736,888 <b>3,</b> 514,535	485.335 674.693 320.235 2.120.024	235.981 609.366 321.458 2.400.245
Tetal current liabilities  Long-term notes payable  SMinority int. in consolidated sub.	\$8.467,791 12,500,000	\$20.159.592 12,500,000	\$15.064.317 6,390,203	\$15,575,612	\$17.209,558	\$17,098,079 300,000	\$13,335,348 450,000
(i) Capital surplus  Earned surplus	5,750,000 547,569 12,980,350 19,374,208	5,820,000 547,369 12,777,733 18,120,470	5,880,000 547,569 12,522,826 11,533,451	5,940,000 547,558 12,520,851 7,131,840	812,000 6,000,000 530,030 11,739,097 6,676,146	350,000 4,405,856 6,485,339	3,350,000 854,260 5,478,573
Total	\$59.619.918 \$35,621,663	\$69.925.364 \$33,208.533	\$51.938.365 \$24,414,916	\$41,715,871 \$14,853,451	\$42.966.831 \$17,222,387	\$28,639.274 \$6,445,927	\$25.468.181 \$5.233.069

. ☐ After reserves (1949, \$372.413).

①At lower of cost (principally average cost)
r replacement market.

191947-49 Emergency facilities (previously shown separately) which amounted to \$2,346,647 in 1947, \$2,223.692 in 1948 and \$2,121,004 in 1949 are included in appropriate property items.

(a) Estimated refundable income taxes of prior years arising from carry-back of operating losses and unused excess profits tax credits, additional amortization, etc. (b) 1946-42: Includes estimated liability for renegotiation refunds.

#After deducting U. S. Treasury tax notes: 1949, \$2,080,722; 1945, \$3,362,935; 1944, \$4,511,650; 1943, \$5,175,507.

MPar value: 1949-45, 50 cents; 1944, \$1; 1943 no par (represented by 350,000 shares, including 15,000 shares held in treasury).

[Principal changes in "Capital Surplus" follow:

1949; Balance Nov. 1, 1948, \$12,777,733. difference between par value and cost of pre-ferred purchased and cancelled. \$14,150; ad-justments to net assets (reserves and tax STATISTICAL RECORD, FISCAL YEARS

\$12.52.22.26.

1946: Balance, Nov. 1, 1945, \$11.739.097. Deduct: Difference between par value and cost of preferred stock purchased and cancelled during the year, \$1.000. Add: Excess of net assets (as shown by books of acquired companies after subsequent minor adjustments) over par value of capital stock issued in connection with acquisition of subsidiaries during the year, 3625,042; adjustments to net assets (principally reserves and tax claims at dates or acquisition) of subsidiary companies acquired during prior year, \$157,712; balance, Oct. 31, 1946, \$12.520.851.

1945: Balance, Nov. 1, 1944, \$1.405.855. Add: Excess of net assets (as shown by books of

s21.653 \$33,208.503 \$24,414,910 \$14,533,451 \$42.966.331 \$28,639,274 \$25,468.181 claims) of subsidiaries at dates of acquisition, 1948; Balance Oct. 31, 1949, \$12.930,350. acquired companies after subsequent minor data biliference between par value and cost of preferred stock purchased and cancelled, \$4,000; adjustments over par value of capital stock capitals of subsidiaries at date of acquisition, \$250,907; balance, Oct. 31, 1948, \$12.777,732. writers' commissions of \$165,000 over par value of \$250,007; balance, Oct. 31, 1948, \$12.777,733. table of \$250,007; balance, Oct. 31, 1948, \$12.520,851. Add: Difference between par value and cost of preferred stock purchased and cancelled during the year, \$15,000; balance, Oct. 31, 1945, \$11,532,522,826. Balance, Nov. 1, 1945, \$11,732,007

739.097.

1944: Balance, Nov. 1, 1943, \$854.260. Add: Excess of selling price of 15.000 treasury shares over amount assigned to stated capital. \$326,-450; reserve for doubtful accounts provided by subsiddiary company at date of acquisition (returned to capital surplus). \$75.146: transfer from stated capital in connection with change of capital stock without par value to capital stock having a par value of \$1.00 per share, \$3.150.000; balance, Nov. 1, 1944, \$4.405.856.

1945: 8.000 preferred shares of Roots-Con-ersyille Blower Corp. at par value and accrued dividends.

General Notes (a) Consolidated financial statements include the accounts of the company and all of its subsidiaries.
(b) Accounts certified by Ernst & Ernst.

Earned per share—preferred	1949 SE1.31	1948 \$138.12	1947 <b>\$</b> 75.50	1946 <b>\$</b> 17.48	1945 \$32.03	1944	1943
-common	\$3.02	\$7.14	\$3.85	\$0.74	<b>32.</b> 60	<b>(3)</b> \$4	\$3.53
Times preferred dividends earned  Dividends per share—preferred	16.13 \$3.75	36.64 \$3.75	20.03 \$3.75	4.61 \$3.75	\$0.3334		
-common	\$1.85	\$1.30	nil	nil	\$1.20	\$2.00	\$1.00
Price range—preferred	8615-78 2416-1676	95-83 31%-18%	9814-30 23-14	116-91 33%-15%	113-11115 13354-27	5834-2814	35 15-16
Net tang. assets per sh.—preferred —common	\$672.21 \$30.04	\$640.31 \$28.71	\$518.43 \$22.47	\$440.07 \$18.45	\$415.75 \$17.87	\$32.12	\$28.90
Fixed charges earned:						•	
Before inc. taxes & depr. & amort Before inc. taxes & after depr. &	16.28	33.53	50.12	16.03	27.57	23.91	33.79
After inc. taxes & depr. & amort	12.97 8.44	30.14 19.52	43.54 25.65	<b>8.73</b> 8.96	23.37 6.25	21.77 5.20	31.41 7.07
Times chgs, & pfd. div. earned	5.78	12.97	11.50	3.29	0.60		
Net tang, assets \$1,000 fund, debt Net curr. assets per \$1,000 fund, debt	\$4,092 \$2,850	\$3.981 \$2.657	\$5.770 \$3.521	*******		\$38.471 \$21.486	\$22.517 \$11.607
Number of shares—preferred	57,500 1,095,137	55.200 1.095.137	\$8.800 1.095.137	59,400	60.000		335,000
TCalendar year.	1,030,107	1,053,131	1,083,131	1,095,137	1.060,059	350.000	335,000

After renegotiation: 1944, \$4.50.

[] After z-for-1 split; before, 62%-54%,

[] After deducting preferred dividend requirement for full year.

FUNDED DEBT

Term Lean: On Jan. 15, 1948, the company borrowed \$7,500,000 under a loan agreement with Prudential Insurance Co. of America and Massachusetts Mutual Life Insurance Co., which provides for borrowings up to \$12,500,000. Outstanding Oct. 31, 1949, \$12,500,000.

Loan is evidenced by 3½% promissory notes which mature Dec. 15, 1952. Proceeds of notes were used to retire outstanding term loan of \$7.125,000. with balance being used for working capital, additions to plant and equipment and general corporate purposes.

Under terms of loan agreement, company, on Dec. 15 in each year 1951 to 1955, inclusive, is required to apply to pro-rate prepayment of all notes issued thereunder a sum equal to 6% of original aggregate principal amount of notes and on Dec. 15 in each year thereafter a sum equal to 10% of original principal of notes; all such prepayments shall be without premium

Loan agreement requires company to maintain consolidated working capital of at least \$27,000,000.

Agreement further provides that company, among other things, may not, without consent of holders of two-thirds of principal standing, this series, 57,500 shares; par \$100.

amount of notes (then outstanding), redeem; retire or otherwise acquire any shares of its stock, declare or pay any dividend, except stock dividends or make any other distribution on account of any shares of its stock, unless after such redemption, distribution or dividend (a) 70% of excess of consolidated net earnings over consolidated net losses for period commencing on Nov. 1. 1948, to last fiscal quarter preceding date of such redemption, distribution or dividend, shall equal or exceed aggregate amount of all dividends, except stock dividends, and other distributions paid or declared on any class of stock subsequent to Oct. 31, 1948, plus the excess of aggregate amount expended subsequent to Oct. 31, 1948, for redemption or acquisition of any shares of any class of stock, over aggregate amount received subsequent to Oct. 31, 1948, as proceeds of sale of stock, and (b) consolidated working capital shall exceed \$29,500,000.

### CAPITAL STOCK

1. Dresser Industries, Inc. 33/4% cumulative convertible preferred; per 5100:

PREFERENCES—Has preference for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends at rate of \$3.75 per share annually payable quarterly Mar. 15, etc., cumulative from Sept. 15, 1945.

from Sept. 15, 1945.

DIVIDEND RESTRICTION — Company may not pay any dividends (except in junior shares) or make any distribution on, or sequire for value or provide for redemption of junior stock, if (1) thereafter total of all redemptions of junior shares subsequent to Oct. 31, 1944, exceeds the sum of (a) consolidated net income from and after such date, (b) \$1,000,000 and (c) net proceeds from sale after such date of junior snares; or (2) as of Apr. 30 or Oct. 31 next preceding, and after giving effect to all such disbursements after such date, the sum of the par or stated value or all junior stock plus consolidated surplus is less than 150% of the sum of consolidated funded debt and involuntary liquidation value of all preferred and stock having priority or parity therewith.

DIVIDEND RECORIMINATE dividend of \$226.

DIVIDEND RECORD—Initial dividend of 93%, cents paid Dec. 15, 1945; regular dividends paid quarterly thereafter.

voting RIGHTS—Has one vote per share. While an amount equal to dividends for one year is in default preferred, voting separately as a class, is entitled to elect one-third or next highest whole number of directors.

Affirmative vote (at a meeting) of 66 2/3% of preferred necessary to (1) create or increase any stock ranking prior to preferred; (2) amend or repeal provisions applicable to all series of preferred; (3) reclassify preferred; liquidate or dissolve, or dispose of substantially all assets; or (4) consolidate or merge, unless (a) rights of preferred are safeguarded, and (b) immediately thereafter resulting corporation and subsidiaries shall not have outstanding funded debt or stock greater in amount than that permitted to company and its subsidiaries.

Affirmative vote (at a meeting) of \$6 2/3% of any particular series of preferred necessary to change rights of such series.

or any particular series of preferred necessary to change rights of such series.

Unless as of Apr. 30 or Oct. 31 next preceding, and after giving effect to any such transactions made after such date and proposed, the sum of (a) par or stated value of all junior stock and (b) consolidated surplus, equais at least 150% of consolidated funded debt plus involuntary liquidation value of preferred and any stock having priority or parity therewith, the affirmative vote (at a meeting) of all series of preferred shall be necessary to (1) create, assume, incur or guarantee, directly or through a subsidiary, any funded debt, except for renewal or extension of funded debt; (2) issue preferred or any stock having priority or parity therewith.

LIQUIDATION RIGHTS—In liquidation, entitled to \$100 per share if involuntary and to redemption price if voluntary, plus accrued dividends in all cases.

CONVERTIBLE—Into common prior to Sept.

CONVERTIBLE—Into common prior to Sept. 15, 1955 (or if called, to redemption date) on basis of 2½ common shares for each preferred share, with scrip for fractional shares. Conversion rights protected against dilution. PREEMPTIVE RIGHTS—None. CALLABLE—As a whole or in part on at least 30 days' published notice at any time to

Sept. 15, incl., as follows, per share, plus dividends: 1950, \$107.50; 1955, \$105. and at \$104 thereafter. Also callable for sinking fund, which see, at \$103 per share. Not less than all preferred may be redeamed it any dividends are in arrears.

Sinking Fund—On or before each Apr. 15, 1946 to 1985, incl., an amount (to extent of consolidated net income for preceding fiscal year less preferred dividends) sufficient to purchase at \$103 per share. 1% of all \$3.% preferred theretofore issued; any balance not so used within 12 months to be returned to general funds.

On or before each Oct. 15 beginning 1956, company shall retire 2% of all \$3.% preferred issued prior to close of next preceding fiscal year less preferred theretofore converted, plus any arrearages; provided that if consolidated net income (less preferred dividends) for preceding fiscal year is less than required amount, such sum shall be so applied and deficit shall be cumulative. Credit may be taken for excess retirements.

ADDITIONAL PREFERRED—May be issued in series with dividend rate and other provisions as fixed by directors subject to prescribed limitations.

PURPOSE—Net proceeds to redeem 6% pre-ferred of a subsidiary and to pay short term bank loans; belauce for additions to plant and equipment and working capital. LISTED—On New York Stock Exchange. TRANSFER AND DIVIDEND DISSURSING AGENT—New York Trust Co., New York.

REGISTRAR-City Bank Farmers Trust Co.,

NEW York.

OFFERED—(60,000 shares) at \$103 per share on Oct. 16, 1945, by a syndicate headed by Harriman Ripley & Co., Inc., New York.

. Dresser Industries, Inc. common: par 50

cents: AUTHORIZED—2,400,000 shares; issued and outstanding, Dec. 31, 1949, 1,112,652 shares; reserved for conversion of preferred, 143,750 shares; par 50 cents (changed from no par to par \$1. Uct. 25, 1944; to par 50 cents, Mar. 27, 1945, on a two-for-one split).

Dividend Record (in \$) (Calendar Years)

On no par shares: . 1939--- 0.75 1940--- 1943-44 1.00 On \$1 par shares. 1944--- 1.00 2.00 1941-42

1944 1.00 On 50-cent par shares: 1945 1.20 1946.47 1949 1.85 []1950 ( 1946_47 nii 11950_ 0.35 1948....

1949... 1.85 [1950. 0.35]

ITO Mar. 16.

DIVIDEND LIMITATIONS—See 334% preferred (No. 1) and loan agreement, above.

LISTED—On New York and Los Angeles Stock

Exchanges.

TRANSFER AGENTS—New York Trust Co.,
New York, and Bank of America N. T. & S. A.,

TRANSFER AGENTS—New York Trust Co., New York, and Bank of America N. T. & S. A., Los Angeles.
DIVIDEND DISBURSING AGENT—New York Trust Co., New York.
REGISTRARS—City Bank Farmars Trust Co., New York, and Security—First National Bank, Los Angeles.
ISSUED—(350,000 shares) in Dec., 1938, to holders of S. R. Dresser Mig. Co. class A convertible and class B stock and Clark Bros. Co. common on basis of two shares for each old class B share of S. R. Dresser Mig. stock and five shares for each old class B share of S. R. Dresser Mig. stock and five shares for each old class B share of S. R. Dresser Mig. stock and five shares for each old common share of Clark Bros. Co. stock. 80,000 of these shares were held in the trassury, and in Oct., 1940, 35,000 treasury shares were exchanged for entire common stock of Pacific Pump Works, and in June, 1944, remaining 15,000 treasury shares were sold to private investors.

Issued 103,000 shares (par \$1) in Nov., 1944 in connection with acquisition of International-Stacey Corp.

Issued, early in 1945, 154,059 shares (par 50 cents) in connection with acquisition of foilowing companies: Kobe, Inc. (49,188); Payne Furnace & Supply Co., Inc. (41,527); Day & Night Mig. Co. (34,534); Roko Corp. (8,510).

Issued Nov. 1, 1945, 35,078 shares in acquisition of Security Engineering Co., Inc.

Issued Dec. 23, 1949, 17,515 shares in connection with acquisition of Magnet Cove Barium Corp.

tion with acquisition of Magnet Cove Barium Corp.

### THE QUAKER CATS COMPANY

#### CAPITAL STRUCTURE Times Charges Exrued 1949 1948 40.12 37.35 Call Price (1011/2 Call Price N.C. Price Range 1942-49 1942-49 10234-10034 [6]10534-87736 Price Range 1949 1932-49 156-14334 180-95 112-8534 145-5034 FUNDED DEBT Amount Outstanding \$10,000,000 Interest Rating As Par Value Dates J&J 1 1. 20-yr. debenture 2%s, 1964...... CAPITAL STOCK Earned per Sh. 1949 1948 \$45.64 \$47.11 10.15 10.52 TDivs. per Sh. 1949 1943 \$6.00 \$6.00 5.50 4.50 Amount Outstanding 1. 6% cum. preferred S100 179,108 shs. \$45.64 \$4 2. Common No par 699,553 shs. 10.15 1 DFiscal year. ESubject to change; see description below. @Range since 1944

### HISTORY

IDFiscal year. (ESubject to change; see desimistory incorporated under New Jersey laws Sept. 21. 1901, acquiring at formation over 90% of the stock of American Cereal Co., an Ohio corporation organized in 1891. On Aug. 23, 1906, properties of American Cereal Co. which thereupon became an active operating company. Charter is perpetual. In 1905 formed Anderson Puffed Rice Co. to acquire patents relating to manufacture of puffed rice and puffed wheat. In July, 191: purchased the Great Western Cereal Co.'s plants at Ft. Dodge, Ia. and Joliet, Ill., also trade rights in Mother's Oats, consideration being \$1.000,000. In 1912 acquired polant and business of Saskatoon (Sask.) Milling Co. In 1917 acquired properties of Uncle Sam Macaroni Co. at Tecumsch. Mich. In Now., 1925 purchased business and properties of Aunt Jemima Mills Co. for \$4,202,017. In Oct., 1927 purchased assets and properties of Aunt Jemima Mills Co. for \$4,202,017. In Oct., 1927 purchased assets and properties of Aunt Jemima Mills Co. for \$4,202,017. In Oct., 1927 purchased assets and properties of Aunt Jemima Mills Co. for \$4,202,017. In Oct., 1927 purchased assets and properties of Aunt Jemima Mills Co. for \$4,202,017. In Oct., 1927 purchased assets and properties of Aunt Jemima Mills Co. for \$4,202,017. In Oct., 1927 purchased assets and properties of the Commander-Larabee Milling Co., and plant and some of the brands of the Commander-Larabee Milling Co., for \$56,000, located on adjoining properties in Sherman, Tex. The Kimbell Co. manufactured flour, rolled oats, corn meal, and feed; the Commander-Larabee Milling Co., foour.

In Mar., 1942, acquired, by outright purchase, the business of Chappel Bros., Inc., Rockford, Ill., manufacturers of Ken-L-Biskit, Ken-L-Ration, and several other dog food specialties.

In 1943, organized, Quaker Oats Co. of Canada, Ltd., a wholly-owned subsidiary, to take over assets and business in Canada.

specialties.

In 1943, organized, Quaker Oats Co. of Canada. Ltd., a wholly-owned subsidiary, to take over assets and business in Canada.

In April, 1945 company purchased the plant and business of V-O Milling Co., Los Angeles, manufacturer of flour and feeds.

In Oct., 1946, purchased for \$1,362,000 Government plant at Memphis, Tenn. which had been operated by Q. O. Chemical Co., a subsidiary for the manufacture of furfural, a synthetic rubber ingredient.

8USSIDIARIES

Company is an operating and holding company. On June 30, 1949 held 100% voting power in the following subsidiaries:

Name, place of incorporation and business:
Quaker Oats Co. of Canada, Ltd. (Can.)—

Mig. & salex

Quaker Oats, Ltd. (Eng.)—Mig. & salex

Cription below. @Range since 1944.

Quaker Oats Co., m. b. H. (Ger.)

Quaker Nahrmittel Geselischaft m. b. H.

(Ger.)—Oatmeal mfg. & sales

Quaker Oats Co., A.B. (Sweden)—Sales

Peterborough Hydraulic Power Co., Ltd.

(Ont.)—Electricity

American Family Research, Inc.

Q. O. Ordnance Corp.—Inactive

Chappel Bros., Ltd. (Eng.)—Inactive

Ken-L-Ration, Ltd. (Eng.)—Inactive

Ken-L-Ration, Ltd. (Eng.)—Inactive

N. V. Vleeschwarenhandel (The Netherlands)

Akron Canal & Hydraulic Co.—Inactive

Subsidiaries in which voting power held

was less than 100% were:

A/S "Ota," Copenhagen, Denmark (*9.88%)—

Mig. & sales

Quaker Oats-Graanproducten, Rotterdam, The

Netherlands (*98.20%)—Mfg. & sales, rolled

Oats

oats
Quaker Oats (France), Paris, France (96.70%)

—Sales
BUSINESS & PRODUCTS
Company and subsidiaries buy, sell, deal in and manufacture cereals and cereal products, flour and commercial mixed feedr. on an international scale and also manufacture a chemical product, furfural used in manufacture of synthetic rubber, nylon refining and lubricating oils, wood plastics, etc. Best known branded products include Quaker Oats, Mother's Oats, Puffed Wheat Sparkies, Puffed Rice Sparkies, Ken-L-Ration, Ken-L-Biskit, Aunt Jemuma Mixes and Muffels. Line includes flour, macaroni and spaghetti, cornmeal, dehydrated soups and stock and poultry feeds.

PRINCIPAL PLANTS & PROPERTIES

PRINCIPAL PLANTS & PROPERTIES

PRINCIPAL PLANTS & PROPERTIES
General cereal manufacturing plants are located at: Akron, O.; Cedar Rapids, Ia.; St.
Joseph, Mo.; Portiand, Ore.; Sherman, Tex.; Peterborough, Ont.; Saskatoon, Sask.
Company's macaroni plant is at Tecumseh, Mich. Muffets (whole wheat biscuits) are croduced at Depew, N. Y. plant. Flour and feed mill located at Los Angeles, feed mills are located at Memphis, Tenn, and Portland, Ore. Dog food plants are located at Rockford, Ill. and Marion, Ohio. Paper mill is located at Pekin, Illinois, Sixty-seven country grain elevators are owned and operated in lowa, Illinois, South Dakota, Missouri, Mississippi and Kansas.

nois, Soluis Banda, and Kansas.

Foreign plants for manufacture of cereal products are located at Southall, White-haven, Eng., Rotterdam, Holland, Greven-broich, Ger., and Nakskov, Den.

MANAGEMENT

Officers
John Stuart, Chairman
R. Douglas Stuart, Vice-Chairman

D. B. Lourie, President
H. E. Muzzy, Executive Vice-Pres.
E. D. Andrews, Vice-President
D. B. Douglas, Vice-President
F. N. Peters, Vice-President
F. N. Peters, Vice-President
F. R. Warton, Vice-President
J. R. Staley, Vice-President
W. H. Ball, Treasurer
H. C. Laycock, Jr., Sec. & Asst. Treas.
G. B. Whitfield, Controller
M. E. Olsen, Assistant Secretary
R. G. Kaufman, Assistant Treasurer
C. E. McKee, Assistant Controller
A. Bowen, Assistant Controller
R. A. Bowen, Assistant Controller

R. A. Bowen, Assistant Controller
Directers
E. D. Andraws, Akron, O.
D. B. Douglas, Chicago
M. S. Eisenhower, Manhattan, Kan.
Reg. R. Faryon, Peterborough, Ont. Can.
C. S. Gordon, Chicago
H. E. Muzzy, Chicago
D. B. Lourie, Chicago
E. L. Ryerson, Chicago
F. H. Scott, Chicago
John Stuart, Chicago
R. D. Stuart, Chicago
W. L. Templeton, La Grange, Ill.
P. A. Wells, Chicago
General Counsel: James M. Best.

General Counsel: James M. Best. Annual Meeting: First Friday in Nov. at Flemington, N. J.

Number of Stockholders: Dec. 31, 1949: Pre-terred, 3,611; common. 6,134. Number of Employees: Dec. 31, 1949, 6,000.

General Office: Merchandise Mart Plaza, Chicago 54.

Chicago 54.

Management Profit-Sharing: Under companies bonus plans for officers and employees, which have been in effect for many years, additional compensation is provided, based generally on percentages of earnings before Federal and Canadian taxes on income, but after provision for dividends on preferred stock and, in computation of executives bonus only, after an additional provision of efficer annum on common stock and earnings retained in business. Amount for distribution in any one year after June 30, 1948 under executive bonus plan is presently limited to \$140,000. Bonus provisions during year ended June 20, 1949 were as follows: Employees \$1,024,920; general staff, \$886,482; executives 5140,000.

Retirement Annuity Plan: Under plan adopted in 1928, companies contributed \$720,870 and employees contributed \$20,770,96 applied to burchase of annuities in respect of services for year ended June 30, 1849.

# MOODY'S MANUAL OF INVESTMENTS

### AMERICAN AND FOREIGN

### INDUSTRIAL SECURITIES

JOHN SHERMAN PORTER, Editor-in-Chief

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1951

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### MOODY'S INVESTORS SERVICE

65 BROADWAY, NEW YORK 6, N. Y.

1411 Walnut St. 75 Federal St. 105 W. Adams St. Hollingsworth Bldg. Union Trust Blds.

LOS ANGELES

PITTSBURGH SAN FRANCISCO

LONDON: MOODY'S INVESTORS SERVICE, LTD.

1,717,076 \$9,265,000

LIABILITIES (cont'd) Capital surplus Farned surplus GReacquired stock Net stock & surplus	Dec. 30,'50	Dec. 31,'49	Jan. 1.'49	Jan 3,'48	Dec. 28, 46	Dec. 29.'45	Dec. 30,'44
	162,151	162,151	152.151	162,151	162,151	158.701	158,440
	28,572,222	27.214,656	25.434.870	23,527,892	20,792,311	18.837.499	16,582,595
	1,055,670	1,055,670	1.055.670	1,055,670	1,053,670	1.055.670	1,055,670
	32,453,583	31,096,017	29.316.231	27,409,253	24,673,672	22.714.720	20,459,555
Potal	\$53.833,265	\$49.793,850	\$43,456,624	\$38.969.364	\$35.907.881	\$31,184,263	\$27.515,134
	\$13,442,401	\$15,533,698	\$10,349,747	\$12,617.978	\$14.532,669	\$15,824,364	\$12.531,610
nAt lower of cost or market. Bafter deducting U.S. tax notes; \$7,083.594; 1944. \$8,737,502. BZ,850 class A and 189,750 class B sh Accounts certified by Lybrand, Ross	ares at cost		\$1.452.320; Jan.	1, 1949, \$2,18;	3,7 <del>99</del> ; 1947, <b>\$</b> 3,80	01,050; 1946, <b>5</b> 2,	922,597; 1945.
STATISTICAL RECORD  §2 weeks ended: garned per class A & B share  Divs. paid per class A and B share	Dec. 30,'50	Dec. 31, 49	Jan. 1,'49	IIJan. 3,'48	Dec. 28.'46	Dec. 29,'45	Dec. 30,'44
	\$2.39	\$2.44	\$2.94	\$3.45	\$3.37	\$3.11	82.72
	\$1.60	\$1.40	\$2.00	\$2.10	\$2.30	\$1.80	81.80
Price Range: Class B Class B Net essets per class A and B shares	4034-25%	2916-1716	3214-2014	3246-2196	47-28	50 \6-31	25%-26%
	40 -25	2816-1846	3196-20	3216-2136	47-27 14	50 -51	36%-25%
	\$17.39	316.60	315.94	314.83	\$13.23	\$12.09	\$10.75
Number of shares: Class A	958,428	958,428	958.42 <del>8</del>	958.428	958.428	958.152	958,152
	758,924	758,924	758.924	758,924	75 <b>8.</b> 924	758.924	758,924

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- ball åne

FUNDED DEST

Term Lean: Outstanding Dec. 31, 1950, 55., 600,000 payable \$625,000 annually 1957 to 1964.

Loan agreement provides that company may not pay cash dividends after Dec. 31, 1949 in excess of amount which when added to other cash dividends paid after Jan. 1, 1949 would exceed 70% of consolidated net earnings after that date.

CAPITAL STOCK

1. Columbia Broadcasting System, Imc. class A and B stock; par \$2.50;
AUTHORIZED—1,500,000 shares (each class) (increased from 750,000 shares Mar. 24, 1937); outstanding: Class A, 955,428 shares; class B, 758,524 shares; reacquired and in treasury, 2850 (each class) (changed from no par to \$5 par Feb. 13, 1934, five new \$5 par shares; issued for each \$5 par share).

VOING RIGHTS, ETC.—Privileges, etc., of class A and B shares are identical except as follows: "The holders of the shares of class A stock voting separately, shall have the right to elect one-half of the total number of the corpolation payable quarterly, Mar. 5, etc. to slock of record about Feb. 19, etc.

(Increased 1970, and 1970, CAPITAL STOCK

1. Columbis Broadcasting System, Inc. class
A and B stock; par \$1.50;
AUTHORIZED—1,500,000 shares (each class)
(increased from 750,000 shares Mare 24, 1937);
outstanding: Class A, 958,428 shares; class B,
758,924 shares; rescoulded and in treasury, 2,850
class A shares; 189,750 class B shares; reserved
for options, 649 class A shares; par \$2.50
(each closs) (changed from no par to \$5 par
feb. 13, 1934, five new \$5 par shares; issued for
each old no par share; sgain changed to \$2.50
par Mar. 24, 1937, two \$2.50 par shares issued
for each 35 par share;
Class A shares; again changed to \$2.50
par Mar. 24, 1937, two \$2.50 par shares issued
for each 35 par share;
Class A shares; again changed to \$2.50
par Mar. 25, 1938—1.25

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majority of a quorum of such class B stock. to elect the other half of the total number of the directors (to be known as class B directors). The stock of the directors of the known as class B directors. The stock of the directors of the known as class B directors. The stock of the directors of the known as class B directors. The stock of the directors of the known as class B directors. The stock of the st

### DRESSER INDUSTRIES, INC.

CAPITAL STRUCTURE			TIE!	imes				
FUNDED DEBT		Amount	Charges		Interest	Call	Price F	lange
Issue	. Rating	Outstanding	1950	1949	Dates	Price	1950	1932-50
1. 31/2% promis. notes, due 1951 to 1962		\$12,300,000	12.25	12.97			<b>(2)</b>	2
CAPITAL STOCK	Par	Amount	<b>Earne</b>	d per Sh.	Divs. per Si	t. Call	Price F	lange
Issue	Value	Outstanding	1950	1949	1950 1949	Price	1950	1932-50
1. 334% cum. conv. preferred	\$100 <b>\$0</b> .30	56.300 shs.	\$77.85	\$61.31	\$3.75 \$3.75	<b>105</b>	8834-81	☑116 -78 ☑33%-11
2 Common	\$0.50	1,112,500 shs.	<b>①3.75</b>	3.02	1.40 1.871	2	21%-16%	<b>33</b> 356−14
Before provision for excess profit	tax: after	estimated prov	ision ear	ned per	share would b	e \$3.68. 🗓 Pri	vately place	d. [Fiscal
		M191	1047 (2)	Managa	7 2 1 114	Im 1015		

years. @Subject to change, see description below. FRange since 1943. TRange since 2-for-1 split in 1945; range from 1939 to the split in 1945, 5234-6.

HISTORY

Incorporated under the laws of Pennsylvania. Dec. 31, 1938, as Dresser Manufacturing Co., as result of a consolidation of S. R. Dresser Mfg. Co. (incorporated in 1905 as successor to a business founded in 1880) and its wholly-owned subsidiary, Clark Bros. Co. (N. Y.: incorporated, 1903). Also Clark Bros. Co., inc., a new wholly-owned subsidiary, emerged from the consolidation. Name changed to Dresser Industries, Inc., Oct. 23, 1944.

ary, emerged from the consolidation. Name changed to Dresser Industries, Inc., Oct. 23, 1844.

On Oct. 1. 1840, acquired entire outstanding capital stock of Pacific Pump Works, Cal. (name changed to Pacific Pumps, Inc., Sept. 8, 1944).

On Jan. 1, 1842, acquired all of outstanding capital stock of Bovaird & Seyfang Manufacturing Co. (Pa.).

On Nov. 1, 1944, company acquired, by issuance of 103,000 shares (par \$1) of Dresser common, net assets of International-Stacey Corp. and its subsidiaries, International Derrick & Equipment Co. of Ohio, Calif. and Texas (three separate companies). Roots - Connersville Blower Corp. and Stacey Bros. Gas Construction Co. Subsequently, Dresser transferred to International Derrick & Equipment Co. (Ohio) all assets and properties of International-Stacey Corp., including issued and outstanding capital stocks of International Derrick & Equipment Co. of Chol) and Stacey Bros. Gas Construction Co. Capital stock of Roots-Connersville Blower Corp. is held by Dresser, International-Stacey Corp. was dissolved.

On Feb. 1, 1945, acquired net assets of Kobe Co. These net assets were subsequently transferred to Kobe, Inc., the old company being dissolved.

During first half of 1945, company purchased remaining 50% interest in Roko Corp. Roko has subsequently been dissolved and its assets transferred to Kobe, Inc.

On Nov. 1, 1945 acquired 100% ownership of Security Engineering Co., Inc.

On Jsn. 12, 1949, sold its three gas appliance companies, namely Day & Night Manufacturing Co., Payne Furnace Co. and Bryant Heater Co. to Affiliated Gas Equipment, Inc. for \$10.00 The first two companies were acquired in 1945 and Bryant Heater Co. in 1933. These companies accounted in 1948 for \$29.171.260 of company's net sales and \$2,246,314 net profit.

In Nov., 1949 acquired all the common stock of Magnet Cove Barium Corp. (Ark.): Founded in 1923. Manufactures hydraulic oil-well pumping systems, hydraulic pumps, perforated or alotted pipe and pre-packed gravel liners.

Pacific Pumps, Inc. (Cal.): Founded 1923. Manufactures contrifugal pumps (large vertical and horizontal types) for refineries and lines in the split in 1985 to the split in 1985 to company split in 1985; company split in 1985; company split in 1985; company split in 1985; company split in 1986; range irrom 1939 to the split in 1985; company split in 1986; range irrom 1939 to the split in 1985; carried and electric power line equipment such as towers, sub-station structures and radio and television towers. In Mar., 1951 company sold television towers. In Mar., 1951 comp

**SUBSIDIARIES** 

SUBSIDIARIES

As of Feb. 1, 1951 company held 100% voting control in following subsidiaries:

Ecvaling Seyfang Manufactures compressors used principally by oil and gas industries, as well as component parts for compressors. Clark Bros. Ce., inc. (N. Y.): Founded 1830. Manufactures gas, steam and Diesel engine driven compressors of all sizes from 75 to 4.000 BHP. supplied principally to oil and natural gas industries. Also marine and stationary diesel engines; and slush pumps used in rotary oliwell drilling as well as small oilwell pumping engines and similar equipment.

Dresser Manufacturing Co., Ltd. (Onbrie, Can.): Organized Sept. 24, 1931 to sell parent company's products in Canada.

International Derrick A Equipment Co. (Other): Founded 1820. Manufactures oilwell pumping units, derricks and drilling units, such as drawworks, rigs, rotary tables, swivels for rotary drilling: also cable tool.

International Derrick & Equipment Ca. (Ohie): Founded 1920. Manufactures oilwell pumping units, derricks and drilling units, such as drawworks, rigs, rotary tables, swivels for rotary drilling: also cable tool

and pre-packed gravel liners.

Pselfic Pumps, Inc. (Cal.): Founded 1923.

Manufactures centrifugal pumps (large vertical and horizontal types) for refineries and oil lines including hot-oil charging pumps; high pressure boiler-feed pumps for electric-generating plants; general service pumps for petroleum and other industries; deep-well plunger pumps for oil wells.

Owns entire outstanding capital stock of Pacific Pumps. Inc. Mid-Continental Division, which company distributes "Pacific" pumping equipment and maintains oil field stores.

Roots-Connersville Riewer Corn.

Security Engineering Canada, Ltd. (E. C.):
Founded in 1949. Manufactures and sells in Canada products of Security Engineering Co., Inc.
Stacey Brea. Gas Construction Co. (Ohio):
Founded 1915. Produces dry and wet seal gas holders for municipalities and utilities, fabricated vessels of all types for food, chemical and general industrial use, heat exchangers and aluminum fabrication. Also engineers and constructs liquified gas storage plants and plants for large volume production of oxygen.
DIVISIONS

Dresser Manufacturing Division: Products

Dresser Manufacturing Division: Products are pipe couplings, fittings, repair clamps and sleeves; rolled and welded rings, specially designed rims, motor frames and weldments; copper tubing fittings, welding fittings and

flanges. AFFILIATE

Hydrocarbon Research, Inc. (33 1/3%-owned) engages in experimental and development work on the engineering and commercial application of the "Hydrocol" process for making gasoline from natural gas.

PRINCIPAL PLANTS & PROPERTIES

As of Dec. 31, 1950, principal plants of company and its subsidiaries were as follows:
Dresser Mis. Division Plant—Located at Bradford, Pa.
Clark Plant—Located at Olean, N. Y.
Pacific Pumps Plant—Located at Huntington Park Cal. and service plant at Tulsa. Okla.
Boyaird & Seyfang Plant—Located at Bradford Pa

ford, Pa.
International Derrick Plants—Located at Columbus and Delaware, O.; Beaumont, Tex.; and Torrance, Cal. Roots-Connersville Plant-Located at Con-

Security Engineering Plant—Located at Whittier, Cal.
Magnet Cove Mine and Plant—Located at Malvern, Ark.
Security Engineering Canada Plant—Located at New Westminister, B. C. MANAGEMENT

Officers:
H. N. Mallon, President
J. B. O'Connor, Exec. Vice-President
R. E. Reimer, Vice-Pres., Sec. & Treas.
C. Psul Clark, Vice-President
Arthur R. Weis, Vice-President
M. H. Nelson, Asst. Sec. & Asst. Treas.
A. F. Witthinrich, Asst. Sec. & Asst. Treas.
Directors:
Present S. Bush, New York

Directors:
Prescott S. Bush, New York
Norman Chandler, Los Angeles
C. Paul Clark, Olean, N.Y.
William V. Griffin, New York
Henry P. Isham, Chicago
Willard M. Johnson, Houston
H. N. Malion, Cleveland, O.
William A. McAfee, Cleveland, O.
J. B. O'Connor, Cleveland, O.
Arthur R. Weis, Huntington Park, Cal.
Annual Meeting: Third Monday in March,

BUSINESS & PRODUCTS	nersville	Ind.	Located at Cin	cinneti A	nnual Meeting: Tumber of Stockh	hird Monday b	March.
Dresser Industries, Inc. is an affiliation member companies, joined together by	of Kobe 1	Plant-Located	at Huntington	Park, ferr	ed, 313; commor umber of Emplo	1. 5.760.	
common ownership, with kindred interes	ests. Okla.	. service pier	it in Okianom	L City.	neral Office: A	llantic Bldg., L	allas, Tex
INCOME ACCOUNTS  COMPARATIVE O	ONEOT TO A TO	TO THE COLOR	ACCOUNT W	COAT TEAD	S ENDED OCT.	••	
COMPAGRIIVE	1950	1949	1948	1947	1946	1945	1944
Net salesCost of goods sold			D\$108.636.897 79.331.541	\$80.093,199 60.033,068	\$54,783.188 44,513.768	\$80,544,911	\$54.995.408
Sell., engineering, gen. & adm. exps	14,236,168	13.480,199	16.598.700	12.481,958	9,736,239	63,689,275 8,102,727	41.908,256 3.948,445
DOperating profit	7,726,774	5,534.758	12.706.656	7,580,173	533,181	8.752.909	9,138,677
TOther income (net)	674,082	754,721	411.513	274,616	650.545	173.677	64.293
Total income	8.400.856 677.836	6,289,479 473,651	13,118,169	7,854.789 179.983	1,183.726	8,926.789	9.202.970
Miscellaneous other deductions	72,847	145,571	433.979 36.247	17.960	130,232 47,191	366,200 19,384	385.572 8.437
Federal income taxes	3,157,000	2,326,000	4.460,000	2.256.000	761,000 £1,000	729,000 8,645,000	550.000 \$.777.000
Canadian & state income tax	107.700 CT 38.000	85.000 cr 304.000	104.000	84.700	\$1.000 35.400 er \$37.000	41,250 c7 115,000	53,000
Prior years inc. tax adj. (net)	14,003	38,075	45.521	306.957	er 41,332	CT 28.676	cr 37,398
Prov. for renegotiation refund	26,427	******	******		******	300,000 48,000	800,000
WNet income	4.383.043	D3.525.182	D8.038.422	4.439.189	1.037,235	1,921,628	1,656,359
Earned surplus, beginning of year	19,374,208	18,120,470	11,533,451	7.131.840	6.576,146	6,485,339	5,478,573
Preferred dividends	214.500	218.062	219.375	184.047 221.625	225,000	21,250	20,407
MOther surplus charges	1,551,425 24,513	2,053,382	1,232.028	*******	228.541 28,000	1.407.053 345.018	670,000
Earned surplus, end of year	\$21,966,813	\$19,374,208		\$11,533,451			
Sources of net sales and net income w			18,120.470 sion for excess		\$7,131,840 Gen	\$6,676,146 erai Note	\$6.485,339
as follows:	tax of 80	,000 determine	d after audit. income, after	ه) ا	) During fiscal y sidiaries ejected	est 1945 comp	any and its
Net sales: Equip. Div. Divis		iettlements an	d surplus adju	stments   tion	of cost of sine	rgency facilitie	s over the
1949 76,183,580 4,446		- suosequent 75,075.	years: 1945, \$2		od ended Sept. ing thereirom b		
Net income: 5.792.108 2.246	DPrine	ipal "Other S	urplus Credits"	follow: by	1) a charge of \$ il year 1945 for	397.887 against	income for
1949 2.846,379 678 (BAfter depreciation and amortization:	803 negotiati	on for fiscal ye	from settlements ar 1945.	(2)	net charge of S representing \$3	3.541 against e	arned sur-
\$1,953,201; 1949, \$1,614,326; 1948, \$1,467,467; 1 \$1,183,554; 1946, \$951,716; 1945, \$1,575,107; 1	947. for divi	mount received	ed from under l from Sept.	E 104E DOD	applicable to p	rior years less	<b>\$3</b> 01,620 re-
\$1,183,554; 1946, \$951,716; 1945, \$1,575,107; 1 \$823,389.		f sale of 60,000	preferred shar	es. fun	dable Federal hige of \$63,130 at	ncome taxes a	nd (3) net
21949: Includes \$455,010 gain on sale of	Det dation o	f Pacific Pum	t arising from ps, Inc. Mid-Co	ntinent arie	s acquired duri	ng fiscal year l	1945. repre-
assets of subsidiaries. 1948: Includes \$144,147 adjustments to	re- Division	(100% control	acquired as of	Nov. 1, plic	ting \$183.452 add able to periods p	rior to acquisit	zauon, ap-
serve for doubtful accounts and property related reserves to conform to income	and 1945:	Includes \$453.	000 common ca		isble Federal in ) Net sales and		r all com-
basis.	dends pa	id on \$1 par s	hares.	pan	es that were Dr	esser subsidiar	es on Nov.

basis.

1946: Includes \$205,103 net gain realized from sale of investments in van der Horst Corp. of America and Gulf Plains Corp.

1944: After debt retirement credit, \$400,000; and post-war tax refund, \$242,000.

[5]1946-45: Refundable income taxes of prior vears arising from carry-back of operating losses and unused excess profits tax credits.

[5]1944: Includes \$50,000 additional provision for prior year.

for prior year.

[Dividends on preferred stock of subsidiary consolidated held by minority interest.

Record of Earnings, years ended Dec. 11:

consolidated subsidiary.

1945: Accelerated amortization of cost of emergency facilities applicable to prior years (less credit for refundable Federal income taxes), \$73.541; net additional charge resulting from renegotiation for prior years (1944, \$36.317; 1943, \$194.241), \$230.358 expenses in connection with sale of 60,000 preferred shares, \$40,919; total, \$345,018.

(a) During fiscal year 1945, company and its
subsidiaries elected to accelerate amortiza-
tion of cost of emergency facilities over the
period ended Sept. 30, 1945. Adjustments re-
sulting therefrom have been given effect to
by (1) a charge of \$397.887 against income for
fiscal year 1945 for additional amortization.
(2) net charge of \$73.541 against earned sur-
plus representing \$375,161 additional amortiza-
tion applicable to prior years less \$301,620 re-
fundable Federal income taxes and (3) net
charge of \$63,130 against surplus of subsidi-
aries acquired during fiscal year 1945, repre-
serving Plan 450 additional amortisation on
senting \$183.452 additional amortization, ap-
plicable to periods prior to acquisition less re-
fundable Federal income taxes.

acriss paid on 31 par shares.

EllPrincipal "Other Surplus Charges" follow:
1946: Premium paid on retirement of preferred stock (held by minority interest) of a
consolidated subsidiary.

1947: Accelerated superfication of past of

		Net Sales	Net Income
1	1944	\$58,394,483	\$1.877.857
	1945	55.481.252	1.030.320
1	1946	42,365,581	686,780
	1947	63.511.002	3,160,972
	1948	90,129,591	6,510,983
	1949	85,428,208	3.390,573
	1950	79,968,546	4,383,043
	•		

Ten months to Oct. 31.

EYear to Oct. 31.

BALANCE SHEETS COMP	ARATIVE CON	SOLIDATED :	BALANCE SHE	ET. AS OF OC	T. 31	•	
ASSETS Cash  Cash  Dinotes & accounts receivable (net).	1950 \$2,934,929 2,505,351 15,312,588	1949 \$7,821,725 2,926,298 10,102,958	1948 \$4,440,844 17,699,379	1947 \$2,972,838 12,269,302	1946 \$2,866,643 8,432,840	1945 \$8,474,254 1,170,361	1944 \$8,805,774 231,150
Post-war excess profits tax refund  Prior year inc. tax refund (current)  Terminated war contract claims and	*******	371,514	357,563	353,116	631,500	6,585.019 540,910	4,992,147
charges Dinventories: Finished products In-process products and parts	11.699.840 8.121.065 6.168.499	10,697,796 7,636,440	10.962.682 12.737.864	8,716,968 10,976,810	4,836.936 8,003.496	4,916,733 3,015,450 5,869,453	981,122 981,296 6,072,224
Raw materials and supplies. Advance payments on contracts	******	5,854.010 cr 1,321,287	9.748.802 er 2.578.008	6.190.201	5,657,648	4,038,826 er 179,061	1.768.391 er 188,098
Total current assets	\$46,742,272	\$44,089,454	\$53,368.125	\$39,479,233	<b>\$</b> 30, <b>42</b> 9,063	<b>\$34,43</b> 1,945	\$23,544,008

1950 Balance Nov. 1, 1949, \$12,980,350. Add: Excess of net assets of acquired company over aggregate of cost of its common shares purchased for cash and par value of 17,515 common shares issued in exchange for 35,030 common shares of acquired company \$400,944: excess of par value over cost of preferred shares purchased and cancelled \$20,985; balance Oct. 31, 1950, \$13, 402,279.

### STATISTICAL RECORD, FISCAL

(a) Consolidated financial statements include the accounts of the company and all of its (b) Accounts certified by Front 8.

THE THEORY PROME TE	1950			, (5	(b) Accounts certified by Ernst & Ernst.			
Earned per share—preferred	\$77.85	1949 \$61.31	1948	1947	1946	***		
AUDES Dreferred dividends comed	20.43	\$3.02 16.16	\$138.12 \$7.14	\$75.50 \$3.85	\$17.46 \$0.74	1945 <b>\$3</b> 2.03	1944	
Dividends per share—preferred	\$3.75 \$1.40	\$3.75	\$6.64 \$3.75	\$3.85 20.03 \$3.75	4.61 \$3.75	<b>40.93</b> 74	<b>E84.73</b>	
	2194-1646	8635-78	<b>98–8</b> 3	9834-80	nil	\$1.20	\$2.00	
Net tang. assets per sh.—preferred	738.10	\$672.21	\$640.31	23-14 \$518.43	116-91 33%-15%	113-11116 203346-27	8814-2814	
Fixed charges earned:  Before inc taxes & dept. & amort	· · · · · · · · -			\$22.47	\$440.07 \$18.45	\$415.75 \$17.87	\$32.12	
amort. taxes & after depr. &	12.25		33.53	50.12	16.03	27.67	23.91	
After inc. taxes & depr. & amort	7.46 5.67	12.97 8.44	<b>3</b> 0.14 19.52	43.54	8.73	23.37	21.77	
Net Curry wasers at our intro, dept.	\$4.324 \$2.856	5.78 \$4.092	12.97 \$3.981	25.66 11.50 <b>8</b> 5,770	8.96 3.29	6.25	5.30	
A DI PROFILE DIEIGLISG"	56.300 1.112.500	\$2.850 57.500	\$2,657 58,200	<b>\$3</b> .821	*******	*******	\$38,471	
DAfter renegotiation: 1944 84 so	4,112,300	1.095,137	1.095.137	<b>38</b> .800 <b>1,095</b> ,137	59.400 1,095.137	60.000 1.060,059	\$21.486 350,000	
After 2-for-1 militi hadana 483/ gard						-17-07.033	390,000	

EArter renegouation: 1948, 34,50.
[EAfter 2-for-1 split: before, 623-5415.
[CAfter deducting preferred dividend requirement for full year
[EBefore provision for excess profit tax; after estimated provision earned per share would be \$3.68.

### FUNDED DEBT

The second of the second production of the second s

Term Loan: Outstanding Oct. 31, 1950, \$12,-500,000

Loan is evidenced by 3½% promissory notes which mature in installments of varying amounts from Dec. 15, 1951 to Dec. 15, 1962. Proceeds of notes were used to retire outstanding term loan of \$7,125,000 with balance being used for working capital, additions to plant and equipment and general corporate purposes.

Loan is evidenced by 31% promissory notes which mature in installments of varying amounts from Dec. 15, 1951 to Dec. 15, 1962. Proceeds of notes were used to retire outstanding term loan of \$7,125,000 with balance being used for working capital, additions to plant and equipment and general corporate purposes.

Under terms of loan agreement company, on Dec. 15 in each year 1951 to 1955, inclusive, is required to apply to pro-rate prepayment of all notes issued thereunder a sum equal to 6% of original aggregate principal amount of notes and on Dec. 15 in each year thereafter a sum equal to 10% of original principal of loan agreement company.

Agreement further provides that company, amount of holders of two-thirds of principal amount of holders of two-thirds of principal amount of holders of two-thirds of principal amount of notes (then outstanding), redeem, retire or otherwise acquire any shares of its stock, declare or pay any dividend, except the control of any ahares of its stock dividends or make any other distribution or account of any ahares of its stock dividends (a) 70% of excess of consolidated net of period commencing on Nov. 1, 1948, to last outside the control of the control of two-thirds of principal amount of amount of any ahares of its stock dividends. The control of two-thirds of principal amount of any ahares of its stock dividends. The control of two-thirds of principal amount of any ahares of its stock dividends, or make any other distribution or account of any ahares of its stock dividends. The control of two-thirds of principal amount of any ahares of its stock dividends. The control of two-thirds of principal amount of two-

fter estimated provision earned per share would be \$3.68.

notes: all such prepayments shall be without premium.

Loan agreement requires company to maintain consolidated working capital of at least \$27,000,000.

Agreement further provides that company among other things, may not, without consent of holders of two-thirds of principal amount of notes (then outstanding), redeems, retire or otherwise acquire any shares of its \$80,000.

### CAPITAL STOCK

1. Dresser Industries, Inc. 33/4 cumulative convertible preferred; par \$100;

AUTHORIZED—All series, 118,300 shares: outstanding, this series, 58,300 shares; par \$100. PREFERENCES—Has preference for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends at rate of \$3.75 per share annually payable quarterly Mar. 15. etc., cumulative from Sept. 15. 1945.

DIVIDEND RESTRICTION—Company may not pay any dividends (except in junior shares) or make any distribution on, or acquire for value or provide for redemption of, junior stock, if (1) thereafter total of all redemptions of junior shares subsequent to Oct. 31, 1944, exceeds the sum of (a) consolidated net income from and after such date, (b) \$1,000,000 and (c) net proceeds from sale after such date of junior shares; or (2) as of Apr. 30 or Oct. 31 next preceding, and after giving effect to all such disbursements after such date, the sum of the par or stated varue or all junior stock plus consolidated surplus is less than 150% of the sum of consolidated funded debt and involuntary liquidation value of all preferred and stock having priority or parity therewith.

DIVIDEND RECORD—Initial dividend of 93%, cents paid Dec 15 1945. ** acquire a finital dividend of 93%.

DIVIDEND RECORD—Initial dividend of 93%, cents paid Dec. 15, 1945; regular dividends paid quarterly thereafter.

cents paid Dec. 15, 1945; regular dividends paid quarterly thereafter.

VOTING RIGHTS—Has one vote per share, While an amount equal to dividends for one year is in default preferred, voting separately as a class, is entitled to elect one-third or next highest whole number of directors.

Afirmative vote (at a meeting) of 66 2/3% of preferred necessary to (1) create or increase any stock ranking prior to preferred; (2) amend or repeal provisions applicable to all series of preferred; (3) reclassify preferred; (2) amend or repeal provisions applicable to all series of preferred; (3) reclassify preferred; (4) consolidate or merge, tunless (a) rights of preferred are safeguarded, and (b) immediately thereafter resulting corporation and subsidiaries shall not have outstanding funded debt or stock greater in amount than that permitted to company and its subsidiaries.

Affirmative vote (at a meeting) of 86 2/3% of any particular series of preferred accessary to change rights of such series.

Unless as of Apr. 30 or Oct, 31 next preceding, and after giving effect to any such posed, the sum of (a) par or stated value of all junior stock and (b) consolidated funded debt plus involuntary liquidation value of preferred and any stock having priority or parity therewith, the affirmative vote (at a meeting) of all series of preferred shall be precessary to (1) create, assume, incur or guarantee, directly and to lividend and any stock having priority or parity therewith, the affirmative vote (at a meeting) of all series of preferred shall be precessary to (1) create, assume, incur or guarantee, directly and the preferred and any stock having priority or parity increases.

INTERNATIONAL SILVER COMP

or through a subsidiary, any funded debt, except for renewal or extension of funded debt; (2) issue preferred or any stock having priority or parity therewith.

LiQUIDATION RIGHTS—In liquidation, entitled to \$100 per share if involuntary and to redemption price if voluntary, plus accrued dividends in all cases.

CONVERTIBLE—Into common prior to Sept. 15, 1955 (or if called, to redemption date) on basis of 2½ common shares for each preferred share, with scrip for fractional shares. Conversion rights protected against dilution.

PREEMPTIVE RIGHTS—None.

CALLABLE—As a whole or in part on at least 30 days' published notice at any time to Sept. 15, incl., as follows, per share, plus dividends: 1950, \$107.50; 1955, \$105, \$105, \$105 and at \$104 thereafter. Also callable for sinking fund, which see, at \$103 per share. Not less than all preferred may be redeemed if any dividends are in arrears.

which see, at all per annual street with the preferred may be redeemed if any dividends are in arrears.

SINKING FUND—On or before each Apr. 15.

1946 to 1955, incl., an amount (to extent of consolidated net income for preceding fiscal year less preferred dividends) sufficient to purchase at \$103 per share. 1% of all 3½% preferred theretofore issued; any balance not so used within 12 months to be returned to general funds.

On or before each Oct. 15 beginning 1956, company shall retire 2% of all 3½% preferred issued prior to close of next preceding fiscal year less preferred theretofore converted, plus any arrearages; provided that if consolidated net income (less preferred dividends) for preceding fiscal year is less than required amount, such sum shall be so applied and deficit shall be cumulative. Credit may be taken for excess retirements.

2. Dresser Industries, Inc. commen; per 19

2. Dresser industries, Inc. commen; per ments:
AUTHORIZED—2.400.000 shares: iasued and outstanding. Oct. 31. 1930, 1.112.500 shares: reserved for conversion of preferred, 140,750 shares: per 50 cents (changed from no par to par \$1. Oct. 23. 1944; to par \$0 cents, hist. 27, 1945, on a two-for-one split).

Dividend Record (in \$)

(Calendar Years)

On no par shares:
1939—0.75 1940—2.00 1941—2 1.50
1943—4 1.00

On 50-cent par shares:
1945—1.20 1946.47 nill 1946—1.50
1945—1.25 1950—1.40 [1951—0.35

To Mar. 16.
Dividend Record (in \$)

for Mar. 16.
Dividend No. 1) and loan agreement, above.
LISTED—On New York and Los Angeles Stock
Exchanges.
TRANSFER AGENTS—New York Trust Co.
New York, and Bank of America N. T. & S. A.
Los Angeles.
Dividend Disbursing AGENT—New York
REGISTRARS—City Bank Farmers Trust Co., New York, and Security-First National Bank
Los Angeles.
ISSUED—(350.000 shares) in Dec., 1938, to holders of S. R. Dresser Mfg. Co. class A convertible and class B stock and Clark Bros. Co.
common on basis of two shares for each old class A share and one share for each old class A share and one share for each old class B share of S. R. Dresser Mfg. Stock and Sve shares for each old common share of Clark
Bros. Co. stock. 50,000 of these shares were schanged for entire common stock of Pacific Pump Works, and in June, 1944, remaining 15,000 treasury shares were exchanged for entire common stock of Pacific Pump Works, and in connection with acquisition of International-Stacey Corp.

Issued, early in 1945, 184,059 shares (par 80,000 and 1940 in connection with acquisition of International-Stacey Corp.

Issued, early in 1945, 184,059 shares (par 80,000 and 1940 in connection with acquisition of International-Stacey Corp.

Issued 103,000 shares (par \$1) in Nov., 1944 in connection with acquisition of International-Stacey Corp.

Issued, early in 1945, 154,059 shares (par \$0 cents) in connection with acquisition of following companies: Kobe, Inc. (69,188): Payne Furnace & Supply Co., Inc. (41,827): Day & Night Mfg. Co. (34,534): Roko Corp. (8,510), Issued Nov. 1, 1945, 35,078 shares in acquisition of Security Engineering Co., Inc.

Issued Dec. 23, 1949, 17,515 shares in connection with acquisition of Magnet Cove Barium Corp.

### CAPITAL STRUCTURE CAPITAL STOCK

### INTERNATIONAL SILVER COMPANY

CAPITAL STOCE Par Amount Earned per Sh. Divs. per Sh. Call Price Range

1.58ue Value Outstanding 1950 1949 1950 1949 Price 1950 1932-50

1. 7% cumulative preferred \$25 200,000 shs. \$25.90 \$22.55 \$1.75 \$1.75 N.C. \$61\frac{1}{2}-32\frac{1}{2}\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}-32\frac{1}{2}\frac{1}{2}\frac{1}{2}-32\frac{1}{

BUSINESS & PRODUCTS

HISTORY

HISTORY

Incorporated in Connecticut Apr. 30, 1946. Effective July 1, 1946, was merged with and became successor to corporation of similar name incorporated in New Jersey, Nov. 19, 1898. Inter formed to acquire all property, business and assets of a number of silverware manufacturing companies, the earliest founded in 1832. For list of companies acquired, see Moody's 1948 Industrial Manual. In Jan., 1903 acquired U. 8. Silver Corp., New York City and in 1905 Ontario Silver Corp., Ltd., Niagara Falls, Can.

In Dec., 1824, the New Jersey corporation purchased all the capital stock of International Silver Co. of Canada, Ltd.

In the 1946 merger a recapitalization was also effected by exchange of 4 \$25 par preferred shares for each \$100 par share and exchange of 4 \$25 par common shares for each \$50 par share.

550 par snare. SUBSIDIARIES

Functions chiefly as an operating company but as of Dec. 31, 1950 owned 100% of the voting control of the following:
Name and place of incorporation:
Thernational Silver Co. of Canada, Ltd...
Canada, Manufactures and sells silverware and table cuttery in Canada.

Texcept directors' qualifying shares.

Company produces, manufactures and sells a complete line of sterling and plated silver-ware, holloowware, flatware and cutlery for use in homes, hotels, clubs, steamships, dining cars, etc. Silver-plated flatware sold under the trade marks: 1847 Rogers Bros.: Wm. Rogers & Bro.; Wm. Rogers & Bro.; Wm. Rogers Mfg. Co.; 1865 Wm. Rogers & Bro.; Wm. Rogers Mfg. Co.; 1865 Wm. Rogers Mfg. Co.; Holmes & Edwards Sterling Inlaid; Sterling silver sold under the trade mark International Sterling.

International Silver Co. of Canada, Ltd., a subsidiary, engaged in manufacturing and selling a similar line in Canada.

### PRINCIPAL PLANTS & PROPERTIES

Company and subsidiaries operate a total of 13 plants covering an area of about forty acres and having a combined floor space of 1.250,000 square feet. Of these plants ten are located in Connecticut, two in Canada and one in Massachusetts.

### MANAGEMENT

Officers
E. C. Stevens, Chairman
Maltby Stevens, President
R. C. Wilcox, Exec. Vice-President
C. D. Munson, Vice-Pres. & Sales Mgr

L. F. Revere. Vice-President G. L. Stringer, Treasurer & Controller E. F. Dow, Asst. Treasurer M. T. Mayes, Secretary G. W. Osborn, Assistant Secretary Raymond Bingham, Purchasing Agent R. H. Weldon, Chief Engineer George Morrison, Advertising Manager James Buckley, Export Manager

Directors

C. K. Baxter, Philadelphia

D.J. M. Hancock, New York
Edward Ingraham, Bristol, Cona.
R. D. McGrath, New York

D.C. D. Munson, Wallingford, Conn.
H. J. Reeves, Meriden, Conn.

DE C. Stevens, Wallingford, Conn.

Maltby Stevens, Wallingford, Conn.

MR. C. Wilcox, Meriden, Conn.

MA. L. Zeitung, Meriden, Conn.

M. L. Zeitung, Meriden, Conn.

M. C. Wilcox, Meriden, Conn.

M. C. Wilcox, Meriden, Conn.

M. C. Wilcox, Meriden, Conn. Member of Executive Committee.

Annual Meeting: Second Thursday in April. No. of Stockholders: Dec. 31, 1950: Preferred, 1,300; common. 2.400.

No. of Employees: Dec. 31, 1950, 5,600. Main Office: Meriden, Conz. New York Office: 485 Fifth Ave

DExcept directors dominant sum:	ES. ' C. D	. MIRRISON, VICE	- Lies. Or Seven	1972 L. 1 LOD.	M A OLK O BICAL	TOS FAMILATE.	
INCOME ACCOUNTS	COMPARATIVE 1950	INCOME ACC	COUNT. YEARS 1948	ENDED DEC	. <b>31</b> 1946	1945	1944
Net sales Costs and expenses Main, repairs & replac. of tools & dies Taxes (other than income taxes) Depreciation	\$59.284,961 46.637.494 2.081.663 1.106.542 616,769	\$51.892.551 41.672.807 1.747.824 £10.379 520.139	\$68.572.870 \$2.494.999 2,044.530 932.579 403.556	\$57.683.035 43.270,965 1,855.615 944.545 407,408	\$41.031.761 \$1.531.919 1.556.973 760.072 354.672	\$37,312,372 29,502,668 1,506,489 647,501 429,202	\$38.345.387 29.311,599 1,622.655 761.969 407.920
Operating income Metal inventor/ & conting, reserve	8,795.493	7,141,402	12.697.206 400.000	11.204.502 400.000	6.828.125 500.000	5.225.412 100.000	5,241,244 100,000
BalanceOther income	8,796.493 91,705	7,141,402 68,635	12.297.206 92.416	10.804.502 170.482	6.328.125 91.670	5.126.412 121.561	5.341.244 112.020
Total income  Annuity premiums, est. Provision for Fed. income taxes. Excess profits tax Post-war excess profits tax refund.	8,888.198 3.708.000	7.210.037	12.389,622	10.974.984 787.000 4.375,990	6.419,795 2.715,090 )	5,247.973 3,970.000	6.253.264 § 500.000 [4.780.000 cr 478.000
Net income Preferred dividends Common dividends	5.180.198 350.000 2.188,752	4,510,037 350,000 2,188,752	7,429,622 350,000 2,918,336	5,812,984 350,000 2,553,544	3.704.795 350.000 1.276.772	1,277,973 350,000 547,168	1,451,264 350,000 364,792
Surplus for year	2.641.446	1.971.285	4,161,236	\$2,909,440	\$2.078.022	€48U 4RE	

## MOODY'S MANUAL OF INVESTMENTS

### AMERICAN AND FOREIGN

### INDUSTRIAL SECURITIES

JOHN SHERMAN PORTER, Editor-in-Chief

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1952

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Russ Bldg.

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2777	1177 11 11	AN ( 111)	(71' 3 () )	35 17 X 11 X5.	NIN		
PROPERTY ACCT—ANALYSIS Additions at cost Retirements or sales Other additions	11951 \$3.876.478 901.876	T1930 \$1.287.178 337.537	171949 \$1,557,980 410,403	ল1948 \$2.033.086 363.159	©1947 Not stated	1947 \$754 029 140,135	1946 \$792 192,7
Other deductions DEPREC RESERVE—ANALYSIS	271.704 262.378	******		******		*******	18.
Additions ched. to income	\$1.117.691 892,562	\$1,075,870 312,102	9920,353 197,439	\$703.100 324.607	Not stated	\$190 847 132.977	\$153. 150.
Other additions Other deductions	23,848 3,068						
(PConsolidated, For basis of consolidated General Notes (a), below.  (FAfter deducting unearned billings or	con- propert	Providing for d	lepreciation of	physical 1947	consolidated	tatements ret	resent t
tracts and doubtful accounts reserve: 195; 734.204: 1950. \$8.258.669: 1949. \$6.975.307;	i. >5 i used ha	ve been based o	on estimated us	setul life i com	Danti on same	hasis of consi	าไว้ด้วงปิดก

(33.249: 1537, 36.258.005, 1545, 56.575.307; 1546, \$5.343.295; 1947 (consolidated), \$4.177.205.

[Expenditures for uncompleted contracts, less cost of billings. Also classified as invenless cost of billings. Also classified as since-tories.

That lower of average cost or market.

That lower of average cost or market.

That cost. Represented by no par shares.
1950-49, 19.764: 1948, 6889; prior years, 122.350.

The excess of equity in book value of net assets of subsidiary companies at date of acquisition over cost thereof.

The excess of edition of the edition of the edition over cost thereof.

The excess of edition of the edition of the edition over cost thereof.

[7]1951:	BOOK Values	Reserves (
Land	<b>56</b> 30,809	
Buildings	6.376.607	2,771,111
Buildings Mach. & equip	9.401.316	4.980.947
Other	2,993,805	1.115.799
Emergency facil. (fully amortiz.)	3.106.545	3,106,545
Tax amort, facil	2.230,984	76.638
Total	\$24,740,064	\$12.051,239

Represented by \$55,205 no par shares. fill 1947: Sunerheater Co., Ltd., Canada, \$235,-106: two foreign companies, \$1: total, \$235,107.

of equipment as follows: Machinery and courpment as follows: Machinery and courpment \$5°: buildings, 2.4°.

Under plant expansion program, company was granted \$3.300,000 tax amortization certificates in latter part of 1851, permitting amortization for income tax purposes of about 50% of such facilities over a 5-year period; halance to be amortized at normal rates. At Dec. 31, 1951, \$2.230,984 of such facilities had been completed.

in 1948; in consolidation, all items of an intercompany nature have been eliminated.

(b) Inasmuch as minority interest in Conbustion Engineering Co., Inc. was not an equired until Dec. 21, 1948, the equity in earnings applicable to such minority stockholder has been deducted from earnings.

(c) Due to nature of company's business, is impractical to segregate inventorics in raw materials, work in process, finished good, etc.

facilities had been completed.

General Netes

(a) Principles of Consolidation: In 1951, all domestic subsidiaries are consolidated: also two Canadian subsidiaries and two minor subsidiaries in Mexico and Brazil.

Principles of consolidation: 1950-48 statements include the accounts of Combustion as shown by their books. Such amount very sented company's equity in net income, les dividends paid, of subsidiary companies included in the subsidiary companies except four in 1950-49 (1945, three) European companies which are carried to raw materials, work in process, finished good, etc.

(c) Amount at which investment in subsidiaries company's equity in net are sets (i.e. as shown by their books. Such amount very sented company's equity in net income, les dividends paid, of subsidiary companies included it consolidated earned surplus.

Company's equity in net income of subsidiary companies except four in 1950-49 (1945, three) European companies which are carried therefrom by \$735,388.

FINANCIAL & OPERATING DATA Statistical Record	<b>@1951</b>	51950	IT1949	T71948	M1947	1947	194
Exped per share	\$6.24	\$9.35			\$4.82	\$2.50	S2.5
Middende oon ebone		\$3.25	\$6.92	图36.27		\$1.60	\$1.5
Dividends per share	\$3.25		81.50	\$1.85	\$1.60	2414-1714	3594-173
Price Table	4514-3614	3814-5417	2756-2114	2834-1814	2434-1716		\$17.R
Net tenefble agrets per share	553.29	850 30	\$44.45	\$38.05	\$33.02	\$18.50	
Number of shares	965,441	965.441	<b>9</b> 65,441	978.316	862.855	862.835	<b>₹62.£</b> 5
Financial and Operating Ratios						4.01	
Curr. assets - current liabilities	2.16	2.40	2.55	2.03	2.20	6.01	<u> 6.2</u>
% cash and securities to curr. assets	25.37	36.99	26.86	22.95	23.02	32.11	57.10
♥ inventory to curr. assets	24.96	19.27	22.23	25.61	24.71	44 57	25.81
S net curr, essets to net worth.	74.70	79.44	77.13	78.79	87.95	61.49	<b>89.6</b> 1
S property depreciated	48.71	54.22	53.15	53.59	56.45	41.19	42.51
sannial denroe, to gross property	4.52	4.77	4.41	3.57	3.38	7.05	7.49
Cenitalization:				•			
T common stock and surplus.	100,60	100.00	100.00	100.00	100 00	100.00	100.0
Saler + inventory	6.37	8 09	7.92	6 63	6 28	1.90	3.3:
Saler - roreivables	5.63	5.28	5.17	4.58	5.09	4.20	6.4.
ב בפופי לה חרל מדממידלם	897.59	1,035.71	981.42	1.077 67	78, 209	626 63	647.01
ב שחופי נח לחיות הפערני	132.20	172.85	145.99	143.15	129 95	\$2.02	B1.21
C net income to total assets	6.99	11.62	10.19	8.97	7.53	11.13	12.19
T and imported the made months	11.71				14.50	1* 42	14.59
& net immoran to flet to with		18.59	1 <u>5.</u> 58	16.49	14.70	•	· ·
Pusiasis of Obsessions	<b>%</b>	100 00	- of			100.00	100.00
Solor and engineering fees	100.00		100.00	100 00	100 00	£5.71	64.05
Chet of cales	76.32	74 84	79 02	78 93	78.74	E)	15.37
- Sell, admir and other expenses	J0.61	30 AN	9.89	8 98	11.50	16.57	10.01
1) Despitate Pacific	13,07	14 50	31 NR	15 w	10 35	14.72	
Other income	0.91	1.95	9.89	0.83	1.27	14.50	13.21
Total income	13.98	16.51	11.97	12.92	21 62	29.51	37.10
Income dedications	20.55		0.36	0.42	0.46	0.03	77.19
Ket Imnome hefore income taxes	13.98	16.51	11.61	12.50	11 16	29.23	77.19
Theome taxes and surtax	8.69	7.77	4.63	5.24	4.28	7.93	9.98
	0.00	****		0.00	4 Å/		

Theorem three and surfax.

Vinories interest

S.29

S.74

G.98

G.26

S.84

21.35

23.21

GCOnyolidated (see Copyral Notes to balance sheet).

Thanked on RC2 855 shares outstanding before merger carned per share was \$7.11, and based on 978.316 shares outstanding after merger but before minority interest, carned per share was \$7.25.

OAPITAL STCOM

(No per shares after 5 for 1 cplit) 1947. 1.80 1948. 1.85 1949. 1.50

DAPITAL BITCAN

1. Combustion Engineering-Superbeater, fac. cenital stack: no unriAUTHORIZED—1.200,000 shares issued 885,205 shares; outstanding, Dec. 31, 1951, 965,441 shares; in treasury, 19.744 shares; no par (chanced from \$100 in 1921; 5 no par shares issued for each \$100 in lare).

Dividend Record (in \$)

(2100 par whares)

1917-15 00.00 1016-15500 1017-40.00
1918-1-25.00 1919-20 20.00 [11921-5.60

(N	o per s	haree af	er # fc	or i emilit	)
1921	3.00	1922	5.00	1923	13.00
(Ne:	ear shar	es after	ROTE EL	ek divide	nd.
		(Dec. 25	. 7923)		
1924	16,00	1975	10.00	1926-27	12.00
1928	11.00	1929	12.00		
(N	נפ דרם ס	hrzes aft	er 4 fc	r 1 eplit	)
1930	3.50	1931	2,50	1932	1.60
1933-35	9.50	1935	0.25	1937	2.80
		1939		1940	1.40
1941	1,3714	1942-45	1.20	1946	1.50

fifPaid ration to stock split. TTo Apr. 30. VOTING RIGHTS-One vote per share PREEMPTIVE BIGHTS—Full rights. LISTED-New York Stock Exchange TRANSPER AGENT—Chase Nations Sant

REGISTRAR-Guaranty Trust Co., New York.

### DRESSER INDUSTRIES. INC.

GAPITAL STRUCTURE FUNDED DERT I seve 1. 31/5 promis notes, due 1956 to 1965 CAPITAL STOCK Issue 1. 33/4 cum. conv. preferred	Rating Par Value	Amount Outstanding \$12.500,000 Amount Outstanding \$6,300 shs.	[RTimes Charges Earned 1951 1950 19.36 12.25 [Jearned per Sh. 1951 1950	Interest Dates [7]Divs. per Sh. 1951 1950 33.75 23.75	Call Price Call Price 10105	Price Range 1951 1952-51 D- El Price Range 1951 1932-51 933-804 19115 78				
1. 34% cum. conv. preferred 2. Common	\$100 <b>\$</b> 0.50	56.300 shs. 1,300,000 shs.	\$90.86 \$77.85 3.77 []3.75	\$3.75 \$3.75 1.40 1.40	图105	27%-20% [32%-16				

[Before provision for excess profit tax: after estimated provision earned per share would be \$3.65. [Privately placed, Triscal years. [P. Subject to change, see description below. [Range since 1945. [Range since 2-for-1 split in 1945; range from 1939 to the split in 1945, 6234-6.

### HISTORY

Incorporated under the laws of Pennsylvania, Dec. 31, 1938, as Dresser Manufacturing Co., as result of a consolidation of S. R. Dresser Mig. Co. (incorporated in 1905 as successor to a husiness founded in 1989) and its wholly-owned subsidiary Clark Bros. Co. (N Y: Incorporated, 1903). Also Clark Bros. Co., Inc., a new wholly-owned subsidiary, emerged from the consolidation. Name changed to Dresser Industries, Inc., Oct. 21, 1944.

On Oct 1, 1940, acquired entire outstanding capital stock of Pacific Pump Works, Cal (name changed to Pacific Pumps, Inc., Sept 8, 1944).

On Jan. 1, 1842, acquired all of outstanding capital stock of Bovaird & Seyiang Manufacturing Co. (Pa.).

On Nov. 1, 1844, company acquired, by issuance of 103.000 shares (par \$1) of Dresser common, net assets of International-Stacey Corp. and its subsidiaries. International Detrick & Corp. and its subsidiaries. International Detrick & Corp. was dissolved.

On Feb. 1, 1945, acquired net assets of Kobe Co. There net assets were subsequently transferred for and Stacey Bros. Connersylle dissolved. turing Co. (Pa.).

On Nov 1. 1944, company sequired, by issuence of 103.006 shares (par \$1) of Dresser common, not assets of International-Stacey Cornand its subsidiaries. International Derrick & Equipment Co. of Ohio, Calif. and Texas (three senarate companies). Roots - Connerwille Riower Corp. and Starey Bros. Gas Construction Co. Subsecuently. Dresser transferred to International Derrick & Equipment Co. (Ohio) all assets and properties of International-Stacer Corp., including issued and outstanding capital stocks of International Derrick & Equipment Co. of Texas and California,

dissolved.

During first half of 1945, commany mirchased remaining 50% interest in Roko Corp. Roko has subsequently been dissolved and its assets transferred to Robe, Inc.

On Nov. 1, 1945 sequired 100% ownership of Security Engineering Co., Inc.

On Jan. 12, 1949, sold its three gas appliance companies, namely Day & Night Manufacturing Co., Payne Furnace Co. and Bryant Heater Co. to Affiliated Gas Equipment, Inc. for \$10.870,000. The first two companies were accuired in 1945 and Bryant Heater Co. in 1933. These companies accounted in 1948 for \$29,171,260 of company's net sales and \$2,246,314 net profit. In Nov., 1949 acquired all the common stock of Magnet Cove Barium Corp. (Ark.) for approximately \$2,800,000 cash plus 17,515 shares of Dresser common stock.

### SUBSIDIARIES

SUBSIDIARIES

As of Apr. I. 1952 company held 100% voting control in following subsidiaries:

Evosied & Seyfong Manufactures Co. (Pa.):
Founded 1891. Manufactures compressors used principally by oil and gas industries. as well as component parts for compressors. Clark Bros. Co., inc. (N. V.): Founded 1850. Manufactures gas. steam. electric and Diesel engine driven compressors (reciprocating centrifugal and axial flow) of all sizes from 75 to 4000 BHP, supplied principally to oil gas, chemical and petro-chemical industries. Also marine and stationary diesel engines: gas turbines: motor driven compressors embloyed to furnish compressed air in general industry: and slush pumps used in rotary oil well drilling as well as shall oil well pumping engines and similar coulpment.

Dresser Manufacturing Co., Lid. (Ontario. Canal: Organized Sept. 24, 1931 to sell parent company's products in Canada.

Dresser Ecuisment Co., (Ohio) Founded in 1920 as International Derrick & Equipment Co., name changed in 1951

Ideco Division: Manufactures oil-well pumping units, derricks and drilling units, such as drawworks, rigs, rotary tables, blocks and swivels for rotary drilling; also aviation, communications and electric power line equipment such as tower, sub-station structures and radio and television towers. In Mar., 1951 company sold its stores and store inventories.

Kobe, Inc., Division: Founded in 1923. Manufactures and radio and television towers.

tures and radio and the stores and store inventories.

Kobe, Inc. Division: Founded in 1923. Manufactures hadraulic oil-well pumping systems, hadraulic pumps, perferated or slotted pipe and pre-packed gravel liners.

Dresser-Stacny Co. (Ohio): Founded 1915. Name charget from Stacey Bros. Gas Construction Co. Jan. 31, 1952.

Ideco Division: Manufactures prefabricated steel buildings—hangers, garages, etc. Also cower line and communication structures,

steel huildings—hansers, garages, etc. Also power ine and communication structures, sub-stations: radio and television towers. Stacey Brothers Division: Produces dry and wet sent gas helders for municipalities and utilities, fabricated vessels of all types for food, chemical and general industrial use, here exchanges and aluminum fabrication. Also engineers and constructs liquified gas storage plants and plants for large volume production of overse.

Magnet Cove Barlum Corp. (Ark.): Founded 1940. Mines and processes baritic ores and bentonite. for use in oil and gas well drilling fluids; also purchases for resale chemical and mineral compounds used in such fluids. Magnet Cove Barium Corp., Ltd.: Organized in 1951 to sell Magnet Cove Barium Corp. products in Canada.

Corp. products in Canada.

Pacific Pumps, inc. (Cal.): Founded 1923.

Manufactures centrifugal pumps (large vertical and horizontal types) for refineries and oil lines including hot-oil charging pumps; high pressure boiler-feed pumps and circulating water for electric generating plants and marine use: general service pumps for petroleum and other industries; deep-well plunger pumps for oil wells.

Owns entire outstanding capital stock of Pacific Pumps. Inc. Mid-Continental Division, which company distributes "Pacific" pumping equipment and maintains oil field stores.

Security Engineering Co. Inc. (Cal.):

Security Engineering Co., inc. (Cal.):
Founded 1931: incorporated Jan. 25, 1937. Manufactures oil well drilling bits. reamers.
liners. core drills and fittings. Also a patented drillable alloy "Securaloy." Owns entire outstanding stock of Security Engineering Co. of Canada, Ltd. (Alberts). which sells products of Security Engineering Co., Inc.

Security Engineering Canada, Ltd. (E. C.); Founded in 1949. Manufactures and sells in Canada products of Security Engineering Co., Inc.

#### DIVISION

Dresser Manufacturing Division: Products are pipe couplings, fittings, repair clamps and sleeves; rolled and welded rings, specially designed rims, motor frames and weldments: copper tubing fittings, welding fittings and Sanges.

Roots-Connersville Blower Division: Founded 1851: formerly Roots-Connersville Blower Corp. (dissolved in Mar., 1852). Monufactures blowers, exhausters, boosters and compressors for movement of air and gases in steel, gas, chemical and other industries; also air and liquid pumps, meters.

#### APPIL LATE

Hydrocarbon Research, Inc. (33 1/3%-owned) engages in experimental and development work on the engineering and commercial application of the "Hydrocol" process for making gasoline from natural gas.

### EUSINESS & PRODUCTS

Dresser Industries, Inc. is an affiliation of member companies, joined together by a common ownership, with kindred interests, coordinated wroducts and related markets, operating chiefly in the oil, ass and water and chemical industries, producing equipment used in drilling, transporting and refining crude oil and natural gas.

Unfille as follor	ed Orders a	isands of	dollars):	
1040	Ja <u>m</u> . 31	Apr. 30	Jul. 31	Oct. 31
1949	T:::	30.079	25.969	18.971
1950	23.216	24.829	24.200	29.613
1951 1 <b>952</b>	51.884	25.969	65.653	66.017
	72,700	*****		
TI NA	-unilable			

### PRINCIPAL PLANTS & PROPERTIES

PRINCIPAL PLANTS & PROPERTIES

As of Dec. 31, 1931, principal plants of company and its subsidiaries with total floor area of 1,592,000 sq. ft. were as follows:

Dresser Mig. Division Plant—Located at Bradford. Pa.
Ciark Plant—Located at Olean, N. Y.
Pacific Pumps Plant—Located at Huntington Park Cal. and service plant at Tulss. Okis.
Bovaird & Seyfang Plant—Located at Bradford. Pa.
Dresser Equipment Plants—Ideco Division:
Located at Columbus and Delaware, O.; Beaumont, Tex.; and Torrance, Cal.
Kobe. Inc. Division—Located at Huntington Park Cal., and service plant in Okiahoma City, Okia.
Roots-Connersville Plant—Located at Connersville. Ind.
Stacey Bros. Plant—Located at Connersville. Ind.
Security Engineering Plant—Located at Whittier. Cal.
Magnet Cove Barium Corp.—Barite Mine and mill at Malvern, Ark. and bentonite mill at Greybuil Wyo.
Security Engineering Canada Plant—Located at New Westminister, B. C.
MANAGEMENT

### MANAGEMENT

# ANAGEMENT Odicers: H. N. Mallon, President J. B. O'Connor, Exec. Vice-President R. E. Reimer, Vice-Press. Sec. & Treas. C. Paul Clark, Vice-President Arthur R. Weis, Vice-President H. P. Boncher, Vice-President R. L. Brummage, Controller M. H. Nelson, Asst. Sec. & Asst. Treas.

Directors: Prescott S. Bush. New York
Prescott S. Bush. New York
Norman Chandler, Los Angeles
C. Paul Clark. Olean, N. Y.
William V. Griffin. New York
Henry P. Isham. Chicago
Willard M. Johnson, Houston
H. N. Mallon, Dallas, Tex.
William A. McAfee. Cleveland, O.
J. B. O'Connor, Dallas, Tex.
Tom Slick, San Antonio
Arthur R. Weis, Huntington Park, Cal.
Middlers, Ernet, Frence, S. Tenner, Cal.

Auditors Ernst & Ernst.
Annual Meeting: Third Monday in March.
Number of Stockholders Oct. 31, 1951: Prepried (21: common. 8,942.
Number of Employees: Oct. 31, 1951, 7,508.
General Office: Atlantic Bidg., Dallas, Tex.

### INCOME ACCOUNTS

Net sales	1951 1951 3105,148,484 77,843,366 17,184,200	1950 1950 \$79.968.546 58.005.604 14.236.168	ACCOUNT. 1949 [1580.629.505 61.614.848 13,480.199	FISCAL YEARS 1948 (1)\$108.626.597 79.331.541 16.598.700	1947 380.095,199 60,033.058 12,481,958	31 1946 854.783.188 44.513.763 9.736.239	194E 880.544.911 63.689.275 8,102.727
TOperating profit	11,120,918 470,764	7.726.774 674.082	5,534,759 754,721	12.706.65F 411.513	7.580.173 274,616	\$83.181 650,545	8,752.909 173.877
Total income interest  Thiscellaneous other deductions Federal income taxes Federal excess profits tax Canadian & site income tax adjust. Prior years and income tax adjust. Prior years inc. tax adj, (net) Prov. for renegotiation refund  Illinority interest	11.501.682 587.352 605.510 4.817.000 401.000 132.000 cr 46.827	8.400.856 677.836 72.847 3.157.000 107.700 er 38.000 14.003	6.289.470 473.651 145.571 2.326.000 85.000 cr \$04.000 38.075	13.118.109 433.979 36.247 4.460.000 104.000 45.521	7.854.789 179.933 17.980 2.856.000 54.700 306.957	1,183,726 130,232 47,181 761,000 51,000 35,400 cr 837,000 gr 41,332	8,925.788 386.200 19.384 729.000 5,845.000 41.250 er 115.000 cr 22.878 300.000 48,000
ANet income  Framed surplus beginning of year  Tother surplus credits  Preferred dividends  Common dividends  Tother surplus charges	5.115.547 21.886.813 210.844 1.557,500	4.383.043 19.374.208 214.500 1.551.425 24.513	73.525.182 18.120.470 218.062 2.053.382	738.038.422 11.533.451 219.575 1.232.028	4.439.189 7.131.340 184.047 221,625	1.037,235 6.676,146 225.000 328.541 28,000	1.921,628 6.485,339 21,250 1,407,053 345,018
Earned surplus, end of year	\$25.234,016	\$21.966.813	319,374,208	18.120.470	\$11,533,451	\$7,131,840	\$6,676,146

arned surplus, end of year. TSources of net sales and net income were

as tollows:	Oil & Gas	Appliance
Net sales:	Equip. Div. \$79,465,637	Division \$29,171,260
1949	76,183,580	4,446,225
Net income:	5.792.108	9 948 914
1949	2.846.379	. 2.246.314 678.803

TAfter depreciation and amortization: 1951, 52,055,083: 1950, \$1,953,201: 1949, \$1,614,326; 1948, \$1,467,467: 1947, \$1,183,554; 1946, \$951,716; 1945, \$1,575,107.

T1049: Includes \$455,010 gain on sale of net assets of subsidiaries.

1948: Includes \$124,147 adjustments to reserve for doubtful accounts and property and related reserves to conform to income tax hasis.

04sis. 1946: Includes \$205,103 net gain realized from sale of investments in van der Horst Corp. of America and Gulf Plains Corp.

234,016 \$21,968.813 \$19,374,208 18,120.470 \$11,533,451 \$7,131,840 \$6,76,146 
T.1951: Comprises: Provision for judgment in lawsuit (net or taxes), \$335,000; loss on sale of certain assets of a subsidiary, \$223,057; other, \$47,553; total, \$605,610.

g)1946-45: Refundable income taxes of prior years arising from carry-back of operating losses and unused excess profits tax credits. T.Dividends on preferred stock of subsidiary consolidated held by minority interest. [I 1950: Before provision for excess profits tax of \$0,000 determined after audit. 1945: Revised net income, \$2,105,675 after renegotiation on settlements and surplus adjustments made in subsequent years. E.Principal "Other Surplus Credits" follow: 1945: Amount received from underwriters for dividends accrued from settlement of renegotiation for fiscal year 1945.

[1945: Amount received from underwriters for dividends accrued from settlement of release of \$2000 preferred shares. [1945: Lamburgh of the surplus adjustments resulting therefrom have been given affect to follow: 1945: Amount received from cash dividends paid on retirement of preferred stock (held by minority interest) of a consolidated subsidiary. 1945: Accelerated amortization of cost of emergency facilities applicable to prior years (1944, \$35,317; 1943, \$194,241). \$230,558 expenses in connection with sale of \$0,000 preferred shares, \$40,919; total, \$345,018.

[1945: Accelerated amortization of cost of emergency facilities open taxes, \$73,541; 1943, \$194,241). \$230,558 expenses in connection with sale of \$0,000 preferred shares, \$40,919; total, \$345; 194,241). \$230,558 expenses in connection with sale of \$0,000 preferred shares, \$40,919; total, \$345; 194,241). \$230,558 expenses in connection with sale of \$0,000 preferred shares, \$40,919; total, \$345; 194,241). \$230,558 expenses in connection with sale of \$0,000 preferred shares, \$40,919; total, \$345; 194,241). \$230,558 expenses in connection with sale of \$0,000 preferred shares, \$40,919; total, \$345; 194,241). \$230,558 expenses in connecti

_ 100	MOO	DY'S	If ANTI A	LOFIN		• •		
tion applicable to prior years I fundable Federal income taxe	ess \$301 620	20 19 1	LANUA	L OF IN	VESTA.	TENTS		
fundable Federal income taxe charge of \$63,130 against surpl aries accuired during fiscal yes senting \$183,450 additional am plicable to periods prior to acqu fundable Federal	and (3)	not namina	Canies Shu	ret income			37-4	
senting \$183.450 additional ami	ar 1945, rep ortization	270	without reg	and to date of	tes on Oet	1943 - Sales 1	Net ncome 2.145 1946	Net No
- Cociai income tage		· a.   COMEN	nies which w	the three garer sold in 190	appliance	1944 - 58.196 1945 - 55.264	1.868 1949	
Apple 6	ended Dec	li:	ollars).	2017 111 134	a (in thou-	1946 41.999 1947 63,243	659 1951	79.969 4.30 106.148 5.11
Net Sales	Cost and Expenses	Operating		Inc. Bef.		03,243	3.179	0,11
	\$5.736.276	Profit ** \$86.501	Ded. (Net) \$20.764	Taxes	Income Taxes	Net Co	minon Com.	Sha Parn Per
11,874,789	5.998.908 9.682.451 9.704.659	913,454 2,151,302	38.053 23.606	\$87,265 951,507 2.179,908	\$34.053 185.895	259 910	Cott	Com Sh
71943 28,796,687 62,499,030	24.062.370 52.274.185	2.072.641 4.734.317 10.224.845	20.824 53.401	2.093 465			35.000 300 35.000 370	000 \$0.18 000 2.88 000 3.57
Tan 54.995,408	15,856,731	10.224.845 9,138,677	1.000.762 1,149,716	4.680 916 9.224.143	2 952 400 7.373.000	1.728 516	18.750 335	5.01
			-11-10,110	7.988,961	6.332,602	1 000 644	86.250 335	.000 5.16 .000 5.59 .000 4.73
BALANCE SHEETS	COMPAR	ATIVE CON	SOI TO A TOP					4.73
Cash U. S. Treasury securities UNotes & accounts receivable in	\$	1951 310,273,451	1950 \$2.934.929	BALANCE SH	TET. AS OF (	OCT. 31	•	
Post-war accounts receivable (	net)	14.476.706	2.505,351 15,312,588	\$7.821.725 2.926.298 10,102.988	ક્ષાંસંહે.આ	10/7	1945 \$2.866,642	1945 23.474.254
Terminated Tan Tank (curren	nt)			10.102.98Ä	17.699.379	12.269,302	8.432.840	1.170.361 6.585.019
I nyantanian				371.514	357.563	353.116	621.500	540.910
Finished products In-process products and parts Raw materials and supplies		13.560.126	11.699.840			*****	******	
Raw materials and supplies Advance payments on contracts		12,380,357 8,320,336	#.121.065 6.168,499	10.697.796 7.636.440	10.962.682 12.737.364	6.716.985	4.836.005	4.816.723
Total current assets				5.854.010 cr 1.321.287	9.748.802 er 2.579.009	J0.976.810 6.190.201	8.007.407 \$.657.648	3.015.45n 5.809 459
Total current assets  Cilland and land improvements  Districtions	\$5	956.096	\$46.742.272 877.090	\$44.089.414	\$53.36R 105	<b>930</b> 470 000	*******	4.038.528 E7 170.061
Buildings  Buildings  Machinery and equipment, etc.	2	7.676.008 3.933,794	7.099.588 22.074.740	802 705 6.505.796	977.356 6.773.280	839.479.223 845.269	830,429 nc* 787,315	234.431.543
Total			22.074.740	19.341.235	20.401.967	5.205.519 17,250.205	787.318 4.102.953 13.564.030	725.506 8,720.729 10.782.893
Total Less: Reserve for depreciation Reserve for amortization	3: 1	2.565,898 3.879.640	30.051.418 12.392.341	26.649.036	28.152.603	92 201 000	2.337.335	2.440.762
Not and		2,102,249	2.085.020	10.439.370 2.121.004	10.987,214 2.323,592	23.301.086 9.453.511	20.807.933 8.573,342	17.679.11n 7.927.017
Invest, in affil, & other companies  [Prior years income tay refund	10	6.384.007 253.601	15.574.057 250.000	14.088.662	14.841.697	2.346.647	\$.573,342 2,357,335	2,440,762
MINCELLED BOTTLE PROPERTY		1.502.962	250,000 1,185,190	250.000 82.576	150.700 15.207	11.500,928 150,000	9.877.256 75.000	7,311.331 108.525
Patents Deferred tooling etc. & exp. Prepaid insurance, deferred taxes, e		372.740	1,185,190 971,117	774.374	1.008.236	295.71 120,57	715.419 219,037	272.045
Total	err	719.883	374.486	334.851	\$41,008	1	1	235,658 1
		.444.170	\$65,097,103	\$59.619,918	\$69.925.364	381.917	300.095	204,125
To banks (unsecured)						<b>25</b> 1.938,365	841.715.87;	\$42,966,531
Current portion of long-term debt	:			*******			\$7,000,000	
Terminate payments on contracts	<b>\$</b> G,	.900.908	\$4.539.514	\$2.656.788	87.953.818	\$1.109.797	<b>41.000.000</b>	26.525.190
ACCOMING THE TANK OF THE PERSON OF THE PERSO	n	699,441	427.453	3,292.738	3.576.152	6.326.18# 1.526.077	£.252.521	4.751,628
Erederal, state & Canad, inc. tares	1.	546.703 423.360	1.352.212 1.403.314	1.085.244 1.260.746	2.125.541 1.373.325	1.556.33	179.773 885.761	
		137.873 708.285	3.319,268	172.275	5.120.356	875,949 3.669,926	807.229 1.430.028	654,654 1,023,663 736,888
34 7 consolidated sub	12.	500,000 T	11.041.761 12,560.000	\$8.467.791 12.500.000	\$20.159.592	\$15.064,317	\$15.575.612	3.514.535
		630.000	5,630.000	5.750.000	12.500.000	<b>6.39</b> 0, <b>20</b> 3		\$17,209,558
arried surplus	17.3	650.000 721.869 234,018	556.250 13.402.279	547.509 12.980.350	5.820 000 547 569 12.777 733	5.880.000 547.568	5.940.000 547.869	812.000 6.000,000
Total Net current assets  DAfter reserves (1981, 2007, 2007)	\$72.4	24,016	21.966.813 -	19,374.208	12.777 733 18.120 470	12.522.826 11.533.451	547.568 12,520.851 7.131.840	530.030 11.739.097
[]After reserves (1951, \$305,549).	- \$42.3	חם פחי	5.097.103 5.700.511	\$59.619.918 \$35.021.662	\$59.925.364	PE1 020 000		6,576,146
or replacement market.	rage cost)	excess of 1	ares of acquir	ed company s	ಈಾ.208.533 400.944;   panie	\$24.414.916	31 (.553.45)	\$42.966.831 \$17.222.387
B1947-51 Emergency facilities (pshown separately) which amounted to 1947 \$2.323.692 in 1948	reviously	ance Oct 3	hased and ca . 1950, \$13, 40	r cost of preincelled \$20.98				
are included in 1950 and \$2,326,04	121.004 in	difference b	nce Nov 1	948, \$12,777,73	Add (princ	ear. \$625,042:	djustments to	net essets
are included in appropriate property  Estimated refundable income prior years arising from carry-base	items.	usiments	hased and en	ncelled, \$14.15	o: ad- quire	ouisition) of a during prior 1. 1946. 312.520 Balance, Nov	ubsidiary com	r at dates panies ac-
ing losses and unused excess proceedits, additional	of operat-	\$188.467: bal	ince Oct. 31	dates of acous	sition, 1945	1. 1946. \$12.520 : Balance, Nov of net assets	.851. '. 1. 1844 - 84 4	: DELENCE,
prior years arising from carry-back of ing losses and unused excess proceedits, additional amortization, etc. Includes estimated liab renegotiation refunds.	ility for	Difference b	nce Nov. 1, 19 etween par ve	incelled, \$14.18 (reserver an dates of acqui 1949, \$12.980.35 947, \$12.522.826 alue and cost of the controlled	Add acmin	of net assets	as shown by	books of
1949 52 080 722.	ET Dotos	China Took	purchased at	nd cancelled	Pre-   adjust	ments) over p	ar value of cat	oital stock
	Surplus"	250.907: bala	obsidiaries at ince. Oct. 31.	date of acqui	ition. excess	Af Bat	SERI	51-315-241;
Balance Nov. 1, 1950, 213 402	270: T	Difference 1	ce. Nov 1, 19	46. \$12.520 851	Add:   Writer	commission	01 \$165,000)	over bar
Dalance, Oct. 31 1951 217 721 000	• 44'2TA'-   I	ng the year	ck purchased	and cancelled	dur- 739 607			AFES. ALL.
Excess of net assets of acquired comps	50. Add:	1946: Balar	ce. Nov. 1. 1	M5, \$11.790 non	nersvi	5: 8,000 preferr le Blower Cor	ed shares of R	oots-Con-
chased for cash and par value of 17.5	res pur-	Dreferred	nce between stock purch	par value and	cost	Lividends. Gener	roi Notes	and ac-
STATISTICAL RECORD	35.030	ssets (as sh	own by book	dd: Excess o	f net the ac	onsolidated fine	meial statemen	ts include
Excess of net assets of acquired comps aggregate of cost of its common share chased for cash and par value of 17.5 mon shares issued in exchange for STATISTICAL RECORD, FISCAL Barned per share—preferred	YEARS	021		The second second	com- subsidi	Aries.		
Times aredoned difficultion	40	V.00	<u>\$77.85</u>	1949 <b>3</b> 51.31	11:49	1947	1946	1945
individends per share-preferred	2	4.26	1933.75 20.43	\$3.02 16.18	\$133.12 \$7.14	<b>\$7</b> 5.50 <b>\$3.</b> 85	\$17.46	832.03
dirrice range-preferred	\$	3.75 1.45		\$3.75 \$1.85 86%-78	33.64 \$3.75	20.03 \$3.75	<b>\$</b> 0.74 4.61	90\$1.60 30.93%
wet tang. assets per shpreferred.	93 15-8 27 % - 2	01/2 21	8%-81 k-16% 24	8614-78 14-1676	\$1.50	nii 9814-80	\$3.75 n!) 116-91	\$1.20
Before the terred:	\$875 <b>\$</b> 33	5.53 3.54			114-1834 \$640.31		33%-15% 8440.07	113-11115 1033 % - 27 \$415.75
Before inc. taxes & depr. & amort	23	3.00	15.13	16.36	\$28.71	\$22.47	\$440.07 \$18.45	\$115.73 \$17. <b>3</b> 7
amort.  After inc. taxes & depr. & amort.		.36	12.25	19.35	\$3.53	<b>50</b> .12	16.03	27.67
- ·· · · · · · · · · · · · · · · · · ·	10	.02	7.46	8.44 8.44	30.14 19.52	43.54 25.66	8.73	22.57
							8.96	6.25

Statistical Record. Fiscal Years (cont'd) Times chgs. & pfd. div. earned Net tang. sasets \$1,000 fund. debt	1951 7.30	1950 5.67	1949 5.78	1948 12.97	1947 11.50	1946 <b>3.</b> 29	1945
Net curt. assets per \$1,000 fund, debt	\$3.939 \$3.384	\$4.324 \$2.856	\$4,092 \$2,850	\$3.981 \$2.057	\$5,770 \$3,821		
Number of shares—preferred	56,300	56.300	57.500	53.200	\$8,800	\$9.400	60.060
—common	1,300,000	1.112.500	1,095,137	1.095.137	1,095,137	1,095,137	1.050.059

Ecalendar year.

EAfter 2-for-1 split; before, 62%-54%.

EAfter deducting preferred dividend requirement for full year.

EBefore provision for excess profit tax; after estimated provision earned per share would be \$3.68.

FUNDED DEST

Term Losn: Outstanding Oct. 31, 1951, \$12,-500,000 evidenced by 3½% promissory notes payable \$1,250,000 annually Dec. 15, 1956 to 1965.

1965.
Proceeds of notes were used to retire outstanding term loan of \$7,125,000 with balance being used for working capital, additions to plant and equipment and general corporate purposes.
Loan agreement requires company to maintain consolidated working capital of at least \$27,000,000.

\$27,000,000.

Agreement further provides that company, among other things, may not, without consent of holders of two-thirds of notes acquire any stock or pay cash dividends in excess of 70% of consolidated net income after Oct. 31 1948, plus excess cost of stock acquired over proceeds of stock sold or if consolidated working capital would be less than \$29,500,000.

### CAPITAL STOCK

CAPITAL STOCK

1. Dresser industries, inc. 3½% cumulative convertible sverierred; par \$100:

AUTHORIZED—All series, 18.300 shares; outstanding, this series, 56,300 shares; par \$100.

PREFERENCES—Res preference for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends at rate of \$1.75 per share sinually payable quarterly Mar. 15, etc., cumulative from Sept. 15, 1945.

DIVIDEND RESTRICTION—Company may not pay any dividends (except in junior shares) or make any distribution on, or acquire for value or provide for redemption of junior stock. If (1) thereafter total of all redemptions of junior shares subsequent to Oct. 21, 1944. exceeds the sum of (a) consolidated net income from and after such date. (b) \$1,000,000 and (c) net proceeds from sale after such date of junior shares; or (2) as of Apr. 30 or Oct. 31 next preceding, and after giving effect to all such disbursements after such date, the sum of the par or stated value or all junior stock plus consolidated surplus is less than 150% of the sum of consolidated funded debt and involuntary liquidation value or all preferred and stock having priority or parity therawith.

DIVIDEND RECORD—Initial dividend of 93%, cents paid Dec. 15, 1945; regular dividends paid

DIVIDEND RECORD—Initial dividend of 93%, cents paid Dec. 15, 1945; regular dividends paid quarterly thereafter.

ovarierly thereafter.

VOTING RIGHTS—Has one vote per share.
While an amount equal to dividends for one year is in default preferred, voting separately as a class, is entitled to elect one-third or next highest whole number of directors.

Affirmative vote (at a meeting) of \$8.23% of preferred necessary to (1) creats of increase any stock ranking prior to preferred; (2) amend or repeal provisions applicable to all series of preferred; (3) reclassify preferred; liquidate or dissolve, or dispose of substantially all assets; or (4) consolidate or merae, unless (a) rights of preferred are safeguarded, and (b) immediately thereafter resulting corporation and subsidiaries shall not have out-

cuirement for full year.

Liter estimated provision earned per share would standing funded debt or stock greater in amount than that permitted to company and its subdidaries.

Aftirmative vote (at a meeting) of \$2.7% of any particular series of preferred necessary to change rights of such series.

Unless as of Apr. 30 or Oct. 21 next preceding, and after giving effect to any such transactions made after such date and proposed, the sum of (a) par or stated value of all junior stock and (b) consolidated surplus, equals at least 150% of consolidated funded debt junior stock and (b) consolidated surplus, equals at least 150% of consolidated funded debt junior stock and (b) consolidated surplus, equals at least 150% of consolidated funded debt into involuntary liquidation value of preferred and any stock having priority or partity for through a subsidiary, any funded debt; (c) issue preferred or any stock having priority or through a subsidiary, any funded debt; (2) issue preferred or any stock having priority or party therewith.

Liquidation, entitled to \$100 per share if involuntary and to redemption price if voluntary, plus accrued dividends in all cases.

CONVERTIBLE—into common prior to Sept. 15. 1935 (or if called, to redemption date) on basis of 21; common shares for each preferred share, with scrip for frectional shares. Convertible—into common rights protected against dilution.

PREEMPTIVE RIGHTS—None.

CALLABLE—As a whole or in part on at least 10 days published notice at any time to Sept. 15. incl., as follows, per share, plus dividends: 1950, \$107.50; 1955, \$105, and at \$104 thereafter. Also callable for sinking fund which see, at \$103 per share. Not least than all preferred may be redeemed if any dividends are in arrears.

ENINKING FUND—On or before each Apr. 15. 1946 to 1955, incl., an amount (to extent of consolidated net income (less preferred dividends) for preferred theretofore issued: any balance not so used within 12 months to be returned to gen error in the series with dividend rate and other pr

GIMBEL BROTHERS, INC.

OFFERED—(60.000 shares) at \$103 per share on Oct. 16. 1945, by a syndicate headed by Harriman Ripley & Co., Inc., New York.

2. Bresser industries, inc. common: per 20 cents:

AUTHORIZED—2.400,000 shares: issued and outstanding, Oct. 31, 1951, 1.300,000 shares; reserved for conversion of preserved. 140,750 shares; par 50 cents (changed from no par to par 31, Oct. 23, 1944; to par 50 cents, Mar. 27, 1945, on a two-for-one split).

Dividend Record (In \$) (Calendar Years)

1941-42 1.50

On no par shares:
1939... 0.75 1940... 2.00
1943-44 1.00
On \$1 par shares.
1944... 1.00
On \$-cent par shares:
1945... 1.20 1948.47 nil
1949... 1.85 1950... 1.40
IITO Mar. 16. 1948... 1.50

ULIO MAR. 18. DIVIDEND LIMITATIONS—See 34% pre-ferred (No. 1) and loan agreement above. PREENPTIVE RIGHTS—None. VOTING RIGHTS—One vote per share with right of cumulative voting for directors. LISTED—On New York and Los Angeles Stock Exchanges. TRANSFER AGENTS—New York Trust Co. New York and Bank of America N. T. & S. A. Los Angeles.

New York, and Bank of America N. T. & S. A., Los Angeles. DIVIDEND DISBURSING AGENT—New York Trust Co., New York, REGISTRARS—City Bank Farmers Trust Co., New York, and Security-First National Bank, Los Angeles.

New York, and Security-First National Bank.
Los Angales.
ISSUED—(380.000 shares) in Dec., 1232, to holders of S. R. Dresser Mig. Co. class A convertible and class B stock and Clark Bros. Co. common on basis of two sharet for each old class B share and one share for each old class B share of B. R. Dresser Mig. thock and Eve shares for each old common share of Clark Bros. Co. stock. 50,000 of thore startes were held in the treasury, and in Oct., 1940, 35,000 treasury shares were exchanged for entire common stock of Pacific Pump Works, and in June. 1944. remaining 15,000 treasury shares were sold to private investors.

Lesued 103,000 shares (par 50 in Nov., 1944 in connection with acquisition of International-Stacey Corp.

Issued, early in 1945, 154,052 shares (par 50 cents) in connection with acquisition of following companies: Robe. Inc., (69,138); Payne Night Mig. Co. (34,534); Roko Corp., (8,510).

Issued Nov. 1, 1945, 35,073 shares in equisition of Security Engineering Co., Inc.

Lisued Dec. 23, 1949, 17,515 shares in connection with acquisition of Magnet Cover Barium Cover.

187,500 shares offered by Reynolds & Co.,

187,500 shares offered by Reynolds & Co., and Harriman Ripley & Co., Inc., New York, Oct. 26, 1951 at \$25 per share (not to company \$23.75).

Price Range 1951 1932-51

Price Range 1951 1932-51

12106-7214 130-1214

### CAPITAL STRUCTURE

#### fi Times Interest Dates [M&N 1 [M&N 1 FUNDED DEBT Charges Earned 1932 1931 Call Amount UNDED DEDA Issue 1. S. f. debenture 3s, due 1961 2. S. f. debenture 3½s, due 1961 3. Revolving credit note 4. Other debt Outstanding \$29.200.000) Price (1021/2 (1021/2 Rating ----3.47 3.000.0001 5.58 .---4,518.462 CAPITAL STOCK Lesue 1. \$4.50 cumulative preferred 2. Common ----Call Par Value DEarned per Sh. 1952 1951 \$28.00 \$50.76 1.59 3.31 CDivs. per 5h. Amount Outstanding 1951 \$4.50 1.00 1952 \$4.50 1.00 Price

133.096 shs. 1,954.600 shs.

No par OFiscal year. ERange since 1945. Sprivately placed. STo April 30, 1953, incl., when price changes (see text). ERange since 4-for-3 split in 1947; range from 3-for-2 split in 1946 and to the 4-for-3 split in 1947, 73½-32½; range from 1932 and to the 3-for-2 split in 1946, 63½-34.

HISTORY

Incorporated in New York Aug. 22, 1923 with perpetual charter to acquire Gimbel Bros., inc. (Pa.) with stores in Milwaukse. Wis., opened in 1887, and Philadelphia. Pa., opened in 1894; and Gimbel Bros., New York, with a store in New York City opened in 1910. In Apr., 1923.acquired Saks & Co. (Incorporated in New York in 1924 opened Saks Fifth Avenue, New York. In 1924 opened Saks Fifth Avenue, New York. In 1924 opened Saks Fifth Avenue, New York. In 1926 acquired Kaufmann & Baar Co., operating a department store in Pittsburgh, name of which was changed to Gimbel Bros. in 1923. In Nov. 1926 a 12-story addition to the company's Philadelphia store was completed. In Mar., 1929 opened Saks Fifth Avenue Chicago. In Apr., 1938, opened Saks Fifth Avenue Chicago. In Apr., 1938, opened Saks Fifth Avenue. Beverly Hills. Cal. In Sept., 1940, opened Saks Fifth Avenue. Detroit.

In 1943, company's Saks-Fifth Avenue unit at Chicago purchased lend and five-story building at Chicago, then occupied under lease, together with an adjoining property, for approximately \$500,000.

SUBSIDIARIES

An operating and holding company. On Jan 31, 1952, held 100% voting power in the following subsidiaries.

Name, place of incorporation and business:

Name, place of incorporation and business:

Saks & Co. (N. Y.)—Store operation

Fachions for Men, Inc. (N. Y.)—Manufactures men's clothing

Beverly Properties, Inc. (Cal.)

Celares. Inc. (N. Y.)—Inactive

Clybourn Trading Corp. (Wisc.)—Wholesalers and jobbers.

Ninth Ward Realty Co. (Pa.)—Realty

Gimbel Bros. Inc. (Pa.)—Inactive

Pennsylvanis Broadcasting Co. (Del.)

Gimbel Brot Television Development & Research Co. (Pa.)—Inactive

Gimbel Brothers Trading Corp. (Del.)—Wholesalers and jobbers.

Gimbel's Wine & Liguor Shop. Inc. (Wis.)

Ronaele Reality Co. (Pa.)—Reality

Saks-Fifth Avenue International, Ltd.

Taylor-Stone, Inc. (N. Y.)—Inactive

Whitaker & Co., Inc. (N. Y.)—Inactive
Yale Shirt Co., Inc. (N. Y.)—Inactive
Subsidiary in which voting power hold was
less than 100% was:
Gimbel Bros. Bank & Trust Co. (Pa.) 93.50%—
Banking service.

9412-8612 2474-1634

100

### BUSINESS

Company and its operating subsidiary. Saks & Co. are enaged primarily in the department store business, selling a complete line of wearing apparel, house furnishings dry goods and similar and kindred merchandise. The companies operate a number of restaurants and other service departments in connection with their stores. their stores.

their stores.

Four stores are operated under the nume of Gimbel Bros.. in New York. Philadelphia, Pittsburgh and Millwaukee. and five under the name of Saks, including Saks Fifth Avenue and Saks 34th St. New York: Saks Fifth Avenue. Chicago: Saks Fifth Avenue. Beverly Rills. Cal.; and Saks Fifth Avenue. Detroit. The Saks units are specialty stores carrying

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Annual Report

TO THE SHAREHOLDERS OF

DRESSER INDUSTRIES, INC.

CLEVELAND, OHIO

FOR THE FISCAL YEAR ENDED

OCTOBER THIRTY-FIRST

1944

## Dresser Industries, Inc.

A GROUP OF
COMPANIES
UNDER A
COMMON
OWNERSHIP

### PARENT CORPORATION:

DRESSER INDUSTRIES, INC., Cleveland, Ohio

### MEMBER OPERATING COMPANIES:

Dresser Manufacturing Division Bradford, Pa.—Founded 1890

THE BRYANT HEATER COMPANY Cleveland, Ohio—Founded 1908

CLARK BROS. Co., INC.
Olean, N. Y .- Founded 1880

PACIFIC PUMPS, INC.
Huntington Park, Calif.—Founded 1923

International Derrick & Equipment Company Columbus and Marietta, Ohio; Beaumont. Texas; Torrance, Calif.—Founded 1930

ROOTS-CONNERSVILLE BLOWER CORPORATION
Connersville, Ind.—Founded 1851

STACEY BROS. GAS CONSTRUCTION COMPANY Cincinnati, Ohio—Founded 1915

BOVAIRD & SEYFANG MANUFACTURING COMPANY Bradford, Pa.-Founded 1891

DRESSER MANUFACTURING COMPANY, LIMITED Toronto, Ont., Canada—Founded 1991

Van DER HORST CORPORATION OF AMERICA
Olean, N. Y. and Cleveland, Ohio--Founded 1910
(50 per cent owned)

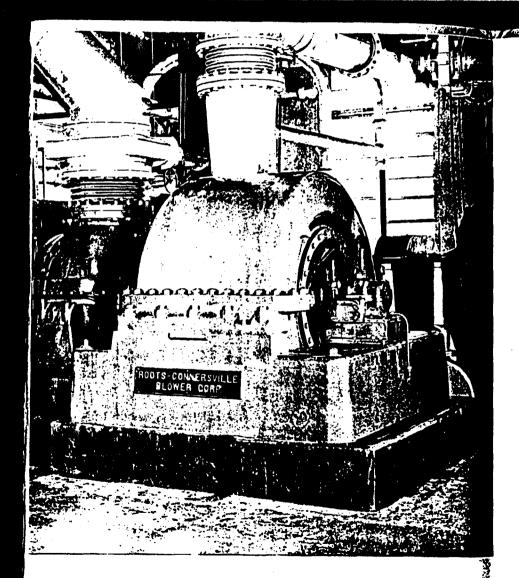
Stock Transfer Agent: Stock Registrar: Stock Listing: BROWN BROTHERS HARRIMAN & CO., NEW YORK, N. Y.

CITY BANK FARMERS TRUST COMPANY, NEW YORK, N. Y.

NEW YORK STOCK EXCHANGE.

This derrick symbolties the drilling and production equipment for all fields made by International Derrick B. Equipment Company, now one of the

•



This exhauster is handling thousands of feet of gas every minute in a utility plant. It is made by Roots-Connersville Mower Corparation, now one of the Dresser Industries.

# Financial DRESSER IN Year Ended

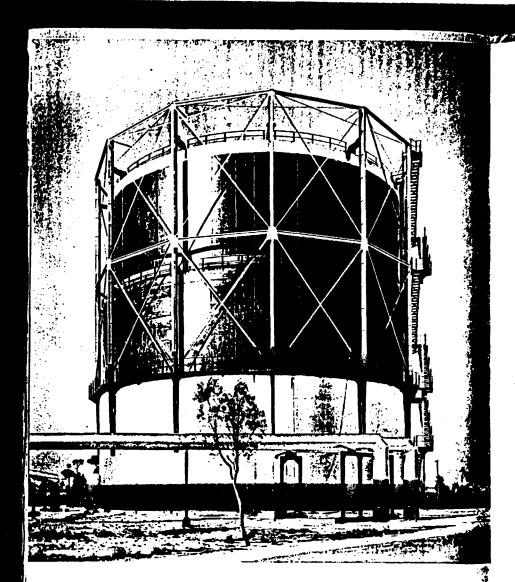
## Financial Highlights

### DRESSER INDUSTRIES, INC.

Year Ended October 31, 1944

Sales (net)	\$54,995,408
Profit (net after taxes and renegotiation provision)	\$1.656,359
Dividends Paid	\$6~0,000
Backlog (unfilled orders)	\$25,000,000
Working Capital	\$6.445,927
Property, Plant and Equipment (net)	\$4.131,796
Net Worth (capital stock and surplus)	\$11.241.195
Payroll (wages and salaries—all employees)	\$10.535.178
Taxes (including \$6,352.602 on income)	\$7,060,174
Capital Stock Outstanding (shares)	350,000
Per Share—Profit	\$4.73
Per Share—Taxes	\$20.17
Per Share—Dividends	\$2.(#)
Per Share—Net Worth	\$32.12
Number of Employees	3,358
Number of Shareholders	2,978

NOTICE TO This Annual Report is furnished you in advance of our request for SHAREHOLDERS proxies. A proxy statement and form of proxy will be forwarded by the Company to each shareholder on or about January 17, 1945.

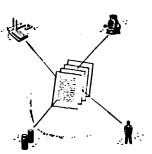


This gas storage holder typifies the business of Stacey Bros. Gas Construction Company, now one of the Dresser Industries. Like a water reservoir, it store's 500,000 cubic feet of gas.

## President's Letter

### TO DRESSER SHAREHOLDERS

Year Ended October 31, 1944



To the Shareholders:

Since our last Annual Report, six new members have been added, or are about to be added, to the Dresser Industries group:

Acquired November 1, 1944:

INTERNATIONAL DERRICK & EQUIPMENT COMPANY

ROOTS-CONNERSVILLE BLOWER CORPORATION

STACEY BROK. GAS CONSTRUCTION COMPANY

To be acquired in March, 1945:

DAY & NIGHT MANUFACTURING COMPANY

Kone, Ixc.

PAYNE FURNACE & SUPPLY COMPANY, INC.

This raises the number of our member companies from seven to thirteen. Both from the standpoint of immediate prospects during the continuing period of war production, and from the standpoint of postwar possibilities when we return once more to a peacetime economy, the addition of these companies, partly an accomplished fact and partly in prospect, represents the most important news that we can present to you.

Since our last Annual Report, the name of our parent Company has been changed from "Dresser Manufacturing Company" to "Dresser Industries. Inc." Our Dresser plant operations at Bradford, Pennsylvania, are now conducted under the name "Dresser Manufacturing Division."

Dresser Industries' executive offices are being moved to the Terminal Tower. Cleveland, Ohio, which, in view of our new acquisitions, constitutes a more central location for our expanded operations.

7

In short, Dresser Industries, Inc., as it makes its report to you today, is a substantially larger family of companies, with a much broader field of related activities, than it was a year ago. The group as a whole is now in a position to supply integrated lines of products covering a wide range of buying demands, particularly in its primary markets of oil and gas.

#### **EARNINGS FOR 1944**

As you know, Dresser Industries' fiscal year ends October 31. The first group of three new companies listed above did not come into the Dresser family until November 1, 1944 and the others are still in the process of acquisition. Therefore the financial results in this Annual Report apply only to the operations of the same Dresser companies as those covered by the last Annual Report.

In other words, the consolidated Balance Sheet and Statement of Profit and Loss and Surplus of Dresser Industries, Inc., published herewith cover the operations of the following member division and companies for the year ended October 31, 1944, with comparisons to the previous year:

DRESSER MANUFACTURING DIVISION

THE BRYANT HEATER COMPANY

CLARK BROS. Co., INC.

PACIFIC PUMPS, INC.

BOVAIRD & SEYFANG MANUFACTURING COMPANY

DRESSER MANUFACTURING COMPANY, LIMITED

Accounts of another member of Dresser Industries, Inc.—Van der Horst Corporation of America (an affiliate, 50 per cent owned by Dresser)—are not included in this consolidated Annual Report. Van der Horst supplies a porous-chrome lining for engine cylinders and other wearing surfaces. In the near future, Dresser shareholders will receive a separate review of its activities and the very favorable results of its operations since August, 1940, when Van der Horst was organized and Dresser made its first and only investment in this affiliate.

Total net sales of Dresser Industries, Inc. for the year ended October 31, 1944 amounted to \$54,995,408, by comparison to \$62,499,030 for the year ended October 31, 1943.

Net profit for the year ended October 31, 1944 totaled \$1,656.359, by comparison to \$1,851.143 for the year previous.

**SALES** DRESSER INDUSTRIES, INC. Ten Years 1935-1944 (net consolidated) \$42,499 638

9

Briefly summarized, these figures show:

A decline of 12 per cent in total volume of business;

A decline of 10.5 per cent in net profit;

A slight bettering of the 1944 profit ratio to sales over 1943, despite the lower sales volume.

This table summarizes important comparisons between 1944 and 1943:

	1944	1943
NET SALES	\$54,995,408	\$62,499,030
PROFIT BEFORE TAXES ON INCOME AND PROVISION	,	
FOR RENEGOTIATION	\$ 8,808,961	\$ 9,971,509
PROVISION FOR TAXES ON INCOME (net)	6,352,602	7,420,366
PROFIT AFTER TAXES BUT BEFORE PROVISION FOR		
RENEGOTIATION,	\$ 2,456,359	\$ 2,551,143
PROVISION FOR RENEGOTIATION REFUNDS (see below)	800,000	700,000
Net Profit	\$ 1,656,359	\$ 1,851,143
CAPITAL STOCK OUTSTANDING AT YEAR-END (Shares)	350,000	335,000
NET PROFIT PER SHARE OF CAPITAL STOCK	\$4.73	\$5.53

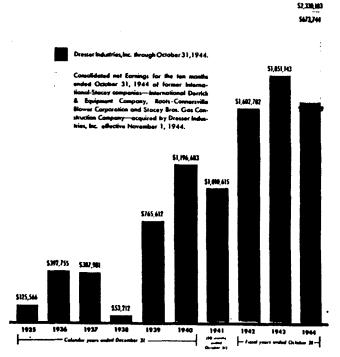
### COMBINED FINANCIAL RESULTS-NEW COMPANIES ACQUIRED

To afford a measure of the Dresser family's enlarged activities as a result of the addition of the former International-Stacey companies acquired on November 1, 1944—International Detrick & Equipment Company, Roots-Connersville Blower Corporation, and Stacey Bros. Gas Construction Company—we are combining throughout this Annual Report the figures for Dresser Industries, Inc., with the consolidated operating results of these three new members.

For example, net sales of Dresser Industries, Inc. for the year ended October 31, 1944 together with those of these three companies for the ten months ended October 31, 1944 amounted to \$73,266.858. Net profit on the same basis, after taxes on income, provisions for renegotiation refunds and all other charges, was \$2,330,103; thus, with only ten-months' operations, the earning power of these new members, added to our own, was equivalent to a net profit of

### **EARNINGS**

DRESSER INDUSTRIES, INC.
Ten Years 1935-1944
(net consolidated)



\$5.14 per share, after giving effect to the 103,000 Dresser shares exchanged for their assets and business. This contrasts with the \$4.73 per share we actually earned for 1944.

#### PRODUCTION TRENDS AND UNFILLED ORDERS

Since practically all the facilities and products of the members of Dresser Industries, Inc. are directly related to the war effort, our volume of business during 1944 reflected, in a general way, the over-all cycle of war production in this country.

The peak was passed in 1943. During 1944, with lessened manpower and with somewhat decreasing production schedules, our output nevertheless kept pace with war-production requirements.

Not so many months ago the fortunes of war appeared to indicate that the heavy war demands made upon our member companies might be relaxed, and that we might anticipate a reasonably early transition into more normal activities.

Developments on the European front, however, have altered this picture. At this writing, it appears probable that the efforts of all our member companies may continue to be devoted to war production for some time to come.

Unfilled orders, at recent dates, reflect that situation.

On November 30, 1944, unfilled orders of our six member units covered in this Annual Report totaled \$27,500,000 (equivalent to six months' operations at the present rate), by comparison to \$25,000,000 on October 31, 1944 and \$36,500,000 at 1943 fiscal year-end.

With the unfilled orders of the former International-Stacey companies acquired on November 1, 1944, the total backlog of \$25,000,000 rose to \$38,000,000 on that date.

### RENEGOTIATION

In our 1943 financial statements, a provision of \$700,000 was made for renegotiation refund applicable to that year's business.

As a result of renegotiation proceedings conducted with a regional Price Adjustment Section, a tentative settlement was arrived at, subject to final approval by the Government's War Contracts Price Adjustment Board at Washington, which would result in a net refund of approximately \$50,000

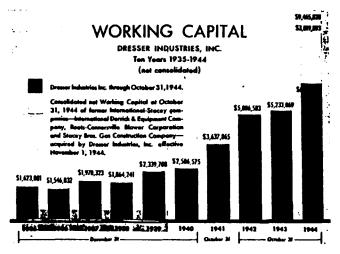
more than the original \$700,000 provided for out of 1943 earnings for this purpose. Provision for such additional refund has been made by a charge against 1944 earnings.

At this writing, the Board at Washington has not approved this \$750,000 total refund. In fact, last-minute indications are that an even larger amount, indeterminate at this point, will be required to effect a final conclusion of the proceedings on 1943 business.

Based on our renegotiation experience to date, as verified by our auditors, a provision of \$750,000 has been made for renegotiation upon 1944 business.

#### WORKING CAPITAL

Consolidated working capital of Dresser Industries, Inc. rose from \$5.233.069 (\$15.62 per share) at 1943 year-end to \$6,445,927 (\$18.42 per share) at October 31, 1944. Combined with the consolidated working capital of the former International-Stacey companies acquired on November 1, 1944, it became



\$9,465,820 at the opening of business on that date, or \$20.90 per share after inclusion of the 103,000 shares exchanged.

An increase in consolidated V-type bank loans from \$8,500,000 to \$9,500,000 at 1943 and 1944 year-ends respectively was recorded in connection with our war-production effort. Such V-type loans have been used by two Dresser member companies for the purpose for which they were intended by the Government—namely, the financing of receivables and inventories arising from war orders.

Former International-Stacey companies acquired November 1, 1944 also had similar consolidated V-loans payable of \$1,500,000 making a total liability of \$11,000,000 in this classification on that date.

As work on war contracts progresses, inventories of raw materials, inprocess products, and finished products are built up. When completed and shipped, these become accounts receivable. Such inventories and receivables are both earmarked as security for the V-loans. Accounts receivable on collection become cash, likewise earmarked, and this cash is used to pay off the V-loans, the original proceeds of which were utilized to buy raw materials and pay labor. Thus, as war production proceeds or cancellations occur, the V-loans liquidate themselves without affecting our own residual or normal working capital, and our balance sheet will in this way eventually clear itself of all V-loans and war-swollen inventories and receivables.

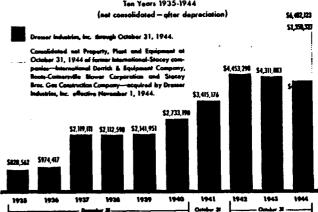
While working capital appears adequate for present operations, it remains a subject of forward management consideration, particularly in connection with the acquisition of new companies, and the prospect of broader activities both for current war needs and postwar possibilities.

### PROPERTY, PLANT AND EQUIPMENT

Dresser has continued in the last three years to handle its large volume of war work by careful and complete utilization of existing facilities and without the necessity of substantial additions to plant and equipment. The net increase in new regular and emergency facilities for 1944 at cost values was but \$427,281, which was less than the corresponding figure of \$484,902 in 1943. In fact, total net property, plant and equipment (after depreciation and amortization charges) was reduced to \$4,131,796 at October 31, 1944, as compared to \$4,311,883 at 1943 year-end.

### PROPERTY, PLANT AND EQUIPMENT

DRESSER INDUSTRIES, INC.

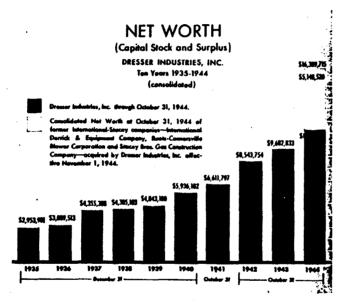


With the addition of the former International-Stacey companies on November 1, 1944, net property, plant and equipment on that date became \$6.482.123, with the ten member units of Dresser Industries, Inc., operating sixteen separate plants.

### NET WORTH

Net worth (capital stock and surplus) increased during 1944 from \$9.682.833 (\$28.90 per share) at 1943 year-end to \$11,241,195 (\$32.12 per share) at October 31, 1944.

With the acquisition of the former International-Stacey companies on November 1, 1944, Dresser Industries' net worth rose to \$16,389,715, or \$36.18 per share after giving effect to the additional 103,000 Dresser shares exchanged for International-Stacey's assets and business.



### MOUNTING COSTS OF DOING BUSINESS

With Dresser Industries, Inc., as has been the case throughout the country, 1944 proved a year of mounting costs.

Total factory payrolls (\$8,650,55" in 1944 and \$8,837,360 in 1943) showed a smaller percent of decrease than did total net sales.

Total sales, engineering, general and administrative expenses rose from \$3,299.16° in 1943 to \$3,948,445 for 1944. Compensation paid officers and directors of Dresser Industries. Inc. and its operating subsidiaries amounted to \$435,762 for 1944, as compared to \$428,833 for 1943.

These two items reflected the need for an expanding executive, engineering and supervisory personnel to handle the continued complexities of war production and governmental regulations, acquire new companies and

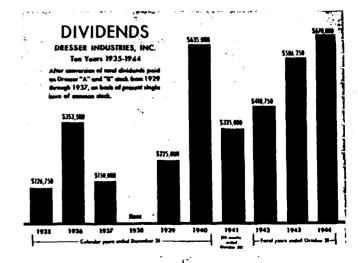
prepare for their integration into the Dresser family, and get ready with new and improved products for postwar.

Total employees of all classifications at October 31, 1944 numbered 3,358, as contrasted to 3,767 one year previous. Acquisition of former International-Stacey companies on November 1, 1944 increased total employees to 5,422.

### TAXES

Everyone recognizes the necessity of high corporate taxes in wartime. Few realize their amounts. Our total tax bill for 1944 (including taxes on income of \$6,352,602, plus capital stock, payroll, real estate, property, and mi-cellaneous taxes classified under other costs and expenses) was \$7,060,174 compared with \$8,170,940 for 1943. Taxes for 1944 amounted to:

PER S100 OF NET SALES	512.84	\$13.67
PER S100 OF PROFIT BEFORE TAXES.	80.15	• i · · 4
PER \$100 OF TOTAL WAGES AND SALARIES PAID	67.02	:
PER SHARE OF CAPITAL STOCK	20.17	24.34



...

### DIVIDENDS

During the 1944 fiscal year Dresser shareholders received dividends totaling \$670,000, or 40.5 per cent of net earnings, compared with \$586,250 or 31.7 per cent of net earnings during 1943.

These dividends consisted of \$1.00 per share paid December 21, 1943, and \$1.00 per share paid June 20, 1944, a total of \$2.00, compared with a total of \$1.75 per share declared during the 1943 fiscal year. After the close of our 1944 fiscal year, another dividend of \$1.00 per share was paid on December 21, 1944.

In answer to requests from Dresser shareholders, consideration is currently being given to the future payment of dividends on a quarterly basis. This new plan of dividend disbursements will not, however, be initiated until after the completion of the new-company acquisitions now in process.

### CHANGES IN CAPITAL STRUCTURE

On October 16, 1944, Dresser shareholders voted to increase the number of authorized common shares to 600,000 from the 350,000 authorized and issued shares that were outstanding on that date.

Of the new authorized shares. 103,000 were issued to purchase the assets and business of the former International-Stacey companies acquired on November 1, 1944—International Derrick & Equipment Company, Roots-Connersville Blower Corporation and Stacey Bros. Gas Construction Company. With their acquisition, these companies became direct subsidiaries of Dresser Industries. Inc., with no change in their names, products or accepted trademarks. Their old parent, International-Stacey Corporation, is being dissolved, since there is no reason for its continued corporate existence.

Thus, as of today, there are outstanding 453,000 authorized and issued shares of Dresser common capital stock. Also to be noted as a part of our current capital structure, arising from the acquisition of the International-Stacey subsidiary, Roots-Connersville Blower Corporation, is a minority stockholders' interest in that company, consisting of 8,000 outstanding shares of 6 per cent cumulative preferred stock, par value \$100 per share, callable on any dividend-paying date at 102.

Of the remaining 147,000 authorized but unissued shares, it is anticipated

that a maximum of 78.209 may be required for the acquisition of the three new companies for which negotiations are now in progress—Day & Night Manufacturing Company, Payne Furnace & Supply Company, Inc., and Kobe, Inc. (see below).

Another step was taken during 1944 toward the closer integration of our operations. In October, 1940, when the present Pacific Pumps. Inc. was acquired by Dresser, Pacific owned 50.2 per cent of all the capital stock of Mid-Continent Pump Supply Company of Tulsa, Oklahoma, a distributor and servicer of oilwell pumps. On November 1, 1943, Pacific acquired the remaining 49.8 per cent minority interest in Mid-Continent, its name was changed to "Pacific Pumps, Inc., Mid-Continent Division," and it became a wholly-owned subsidiary of Pacific Pumps, Inc., with its accounts included in our 1944 consolidated financial statements herewith presented. This Pacific unit is relatively small. its net worth at October 31, 1944 being \$104,445.

In order to provide Dresser Industries, Inc. with a broader corporate base commensurate with its enlarged operations and postwar prospects for growth, Dresser directors and officers have been studying, and will shortly propose to shareholders, ways and means whereby our capital structure can be made more flexible and kept in pace with the other forward-moving characteristics of our business.

### CHANGE OF PAR VALUE

On October 16, 1944, Dresser shareholders also authorized changing the common shares of the Company from shares without par value to shares having a par value of \$1 per share. This change was made because it substantially reduces the amount of stamp and other taxes incurred in the issuance and transfer of Dresser stock, and will thus effect savings both for the shareholders and Company.

All Dresser shareholders who have not forwarded their stock certificates of old Dresser Manufacturing Company without par value to be exchanged share for share for those of new Dresser Industries, Inc. having a par value of \$1 per share are urged to deliver such certificates, unendorsed, to our transfer agent, Brown Brothers Harriman & Co., 59 Wall Street, New York 5, New York. There is no cost or charge to the shareholder in connection with this transfer.

It is to be repeated that while this fixing of a par value of \$1 per share acted to reduce the stated capital of the Company from \$3,500,000 to \$350,000 at 1944 year-end, there was a corresponding increase thereby of \$3,150,000 in capital surplus. This bookkeeping change in our capital account will therefore not alter in any way the net worth (book value) per share of Dresser stock or the proportionate equity of each shareholder in the Company's net assets.

### RETIREMENT ANNUITY PLAN

The Retirement Annuity (Pension) Plan approved on March 15, 1943 by Dresser shareholders and put into effect on May 1, 1943, has been modified to meet new regulations of the Treasury Department under Section 165(a) of the Internal Revenue Code. Approval was obtained on December 30, 1944, retroactive to the original effective date of the Plan. The modifications made not only assure allowability of the Company's contributions as deductions for purposes of federal taxes on income, but are of such nature as to lower substantially the cost to the Company and employees through a revised scale of benefits.

### **NEW COMPANIES ACQUIRED**

The most significant aspect of this Annual Report has to do with companies acquired, or in the process of acquisition, after the close of our 1944 fiscal year on October 31, 1944.

On November 1, 1944, International Derrick & Equipment Company of Columbus, Ohio, Beaumont, Texas, and Torrance, California; Roots-Connersville Blower Corporation of Connersville, Indiana; and Stacey Bros. Gas Construction Company of Cincinnati, Ohio became members of the Dresser family.

International, with factory operations in Ohio, Texas and California, is not only a supplier of oilwell drilling and production equipment, such as pumping units, derricks and masts, drawworks, rotary tables, blocks, swivels and standard steel buildings, all of which fit into and round out our present and related lines of Dresser pipe couplings, Clark engines and compressors. Pacific pipeline and refinery pumps, etc. International also serves the aviation, radio and electric-power industries with towers, beacons, airport lighting

devices, substation structures, hangars, turntables and other products.

One of the chief outlets for Roots-Connersville's products is the gas industry, which for many years has been one of the largest customers for Dresser pipe couplings and repair devices, Bryant heating appliances, and Clark compressors. Roots-Connersville blowers, exhausters, boosters and compressors (positive-displacement and centrifugal types) for the movement of air. gases and vapors, together with its pumps and meters also serve in oil refineries and in the general industrial field including foundries, chemical and steel plants, paper and cotton mills, mines, etc.—all being markets likewise sold by other Dresser member companies.

The gas industry, too, is of primary importance to Stacey Bros.' activities. For gas companies it manufactures and installs various types of gas storage holders (up to ten million cubic feet capacity), as well as high-pressure tanks, and gas purifiers, condensers and scrubbers; these are also supplied to steel and chemical plants. For the oil, food and chemical industries, Stacey Bros. makes storage and special tanks, vats, kettles, and vessels for process work.

### NEW COMPANIES IN PROCESS OF ACQUISITION

Pending currently, as previously mentioned, are the acquisitions of Day & Night Manufacturing Company of Monrovia, California; Payne Furnace & Supply Company, Inc. of Beverly Hills, California; and Kobe, Inc. of Huntington Park, California.

These additions to the Dresser family will be accomplished by an exchange of Dresser stock for their assets and businesses, to be effected in March. 1945, conditional upon final approval by their respective stockholders. The transactions already have the approval of the directors and officers of each company and of Dresser Industries, Inc.

Day & Night manufactures a well-established line of gas-fired hotwater heaters and Payne furnishes gas-fired steel furnaces and floor furnaces of equal acceptance. These products will ideally supplement present Bryant gas-fired heating equipment, enabling distributors to offer a broad line of gas appliances over a wide buying range, with special emphasis on the medium- and low-cost home. At the same time, addition now of these two companies affords immediate entry into their related markets plus the opportunity to capitalize on attractive postwar possibilities that appear to be present.

Kobe is principally the manufacturer of a unique hydraulic oilwell pumping system, rapidly growing in user acceptance. This system includes an engine-driven pump located at or near the bottom of the well, operated by the force of oil under pressure, conveyed to it through tubing from a surface pump. Kobe's acquisition will add product diversification to the conventional lines of mechanical pumping equipment made by Pacific and International. Thus, the Dresser group will be prepared to take advantage of trends and needs in the oilwell-pumping business.

### **EXECUTIVE COORDINATION**

A major management activity engaging your officers today is that of coordinating the efforts of both the old and the new members of the Dresser Industries group on behalf of immediate production for war, while at the same time preparing intelligently for peacetime markets and opportunities.

Toward this end certain changes were made in April, 1944 with respect to executive personnel.

John B. O'Connor, vice president of Clark Bros. Co., Inc., chairman of the board of Pacific Pumps, Inc. and president of Bovaird & Seyfang Manufacturing Company, was named executive vice president of our parent corporation (now Dresser Industries, Inc.), in which position he can more effectively supervise the activities of our companies in the oil- and gas-equipment markets.

Lyle C. Harvey, president of The Bryant Heater Company, was elected a vice president of the parent, with general responsibility for our group's progress in the gas-appliances division of our business.

Arthur R. Weis, president of Pacific Pumps, Inc., was also made a vice president, so that he and C. Paul Clark, already a vice president since 1938 and also president of Clark Bros. Co., Inc., could both contribute more directly to our top management the benefit of their past experience in Dresser affairs.

In October, 1944, Oscar M. Havekotte, for some years chief executive officer of the former International-Stacey companies now in the Dresser group, was elected a director of Dresser Industries, Inc. He is also president of International Derrick & Equipment Company.

Thus, our top management practice, beginning with our Board of Directors

and continuing through our Executive Committee, is to bring together for balance and integration, first, the outside viewpoint of those Dresser Industries' directors who have no direct connection with our plant operations; secondly, the over-all policies and plans of Dresser Industries' officers: and thirdly, the local aspects of our member companies' activities as expressed by their own managements.

In this Report, space does not permit a detailed account of the peacetime potentialities of all the present Dresser member companies and those now in process of acquisition. A booklet giving comprehensive information as to the products and activities of the individual Dresser companies, and the place which each occupies in its related fields, is now in the course of preparation and will be mailed to you in the near future.

Reconversion of our plants and facilities from wartime to normal operations is yet ahead, and must be so until the nation's security permits otherwise. When that time comes, our transition period will not involve serious dislocations, because we have continued to supply a greater volume of our standard products in each of the last three years than was sold in any prior year. Meanwhile, our personnel has gained new production techniques, resourcefulness and drive.

Dresser member companies, for the most part, serve the oil. gas and residential-building industries with numerous lines of equipment and appliances. Our effort has been to improve and broaden these lines in order to enlarge our usefulness to customers. We have confidence in the future of the industries we serve, in their prosperity, and our share in it.

Respectfully submitted.

Mallon

Cleveland, Ohio January 5, 1945

### Consolidated Balance Sheets

### October 31, 1944, and October 31, 1943

DRESSER INDUSTRIES, INC. AND CONSOLIDATED SUBSIDIARIES

DRESSER MANUFACTURISH DIVINGS; THE BRYANT HEATER COMPANY; CLARK BROS. CO., INC.; PACING PUMPI, INC.; BUVAIRD & SEYFANG MANEFACTURING COMPANY; DREMER MANUFACTURING COMPANY, LTD.

### ASSETS

CURRENT AMETS:	Oct. 31, 1941	Oct. 31, 1943
Cash (Votr 4)	\$ 8,805,774	\$ 8,420,253
U. S. Treasury Notes—Tax Series, less amount applied against estimated		
liability for federal taxes on income	231,150	+01,834
Receivables:		
Trade notes and accrued inscrept	\$ 132,865	\$ 120,860
Trade accounts (including reimbursable expenditures from Govern-		
ment agencies-\$50,326 at October 31, 1944; \$307,236 at October		
31, 1943) (Non A)	5,063,791	4,730,501
	\$ 5,194,454	\$ 4,859,361
Les receves	204,509	190,961
	\$ 4,992,147	\$ 4,668,380
Claims and charges arising from engineering changes in and cancellation		
of war contracts	881,122	354,573
Inventories (at lawn of atmage cost or replacement market):	,	2,0,2.3
Finished products and parts	\$ 975,538	\$ 784,772
In-process products and parts	6,072,224	5,416,161
Raw materials and supplies	1,768,391	1,227,953
Finished parts on consignment.	5,758	34,634
	\$ 8,021,911	443,320
Less advance payments from customers on war contracts	188,096	762.143
	1 6.633.013	\$ 6.721.3.7
Total current aucu	\$23,544,006	\$20,568,417
	***********	220,300,417
INVESTMENTS AND OTHER AMETS:		
Postwar refunds of excess profits taxes (estimated)		
Investment in and advances to unconsolidated subsidiary, less reserve	\$ 502,464	\$ 239,162
Investments in affiliated and other companies	_	31.339
Miscellaneous receivables, etc., less reserve (\$21,250 at October 31, 1944;	105,000	30.000
\$50,000 at October 31, 1943)	443 773	
Total investments and other assets	113,777	80.105
	\$ 121,241	\$ 364,506
PROPERTY, PLANT, AND EQUIPMENT (at cast less repress for depreciation and		
americation):		
		•
Buildings	\$ 203,709	\$ 149,344
Machinery and equipment, patterns, tools, etc.	1,631,261	1,614,3~4
non-county and educhment borners (1988) Etc.	5,780,669	5.391.344
Less reserves for depreciation	\$ 7,815,659	\$ 7,595,11
the state of the fact through	4,603,164	4.2***,290
Emergency facilities:	8 3,212,495	\$ 3.31 .33
Land, buildings, machinery, and equipment.		
Less reserves for amunication	\$ 1,682,229 762,928	\$ 1,4"5,4%
THE PLANTS OF COMMISSIONS	\$ 919.301	481,444
Total property - net		\$ 494,144
PATENTS.	\$ 4,131,796	\$ 4.311.463
DAFFRED CHARGES;		1
Prepaid taves, insurance, supplies and expenses	*** ***	
Torus (Note II)	242,230	201.214
2116.0F F.2406.151	\$28,639,274	\$25,464 [5]
31		2 - 22

### LIABILITIES, CAPITAL STOCK, AND SURPLUS

	Oct. 31, 1941	lki. 31. 1911
CURRENT LIAMLITHES:		
Notes payable to banks (Regulation V type loans to subsidiaries-		
\$4,000,000 due January 1, 1943, and \$5,500,000 due June 30, 1945)		
(Note A)	\$ 9,500,000	\$ 8.54).(##)
Portion of long-term debt maturing within one year		150,000
Accounts payable (includes estimated liability for renegotiation refunds)		
(.Vote B)	4,016,672	3.118.298
Liabilities arising from engineering changes in and cancellation of war		
contracts	466,395	255,981
Accrued:		
Salaries, wages, and commissions	\$ 674,693	\$ 677.366
Taxes, interest, reat, etc		321,45#
	\$ 994,988	\$ 950.824
Federal, state, and dominion taxes on income (estimated)	\$ 6,631,674	\$ 7,373,732
Less portion of U. S. Treasury Notes-Tax Series-applied	4,511,650	5.1~5.50~
••••	\$ 2,120,024	\$ 2,200,245
Total current liabilities	\$17,090,079	\$15.335,348
LONG-TERM DEST (Note C):		
Notes payable-maturing in sexual imtallments of \$150,000 each	\$ 300,000	\$ 600,000
Len installments classified with current liabilities	·	150.000
Total loge-term debt	\$ 300,000	\$ 450,000
CAPITAL STOCK AND SURPLUS (Note: A. C. and E):		
Capital stock:		
Common-par value \$1.00 per share:		
Authorized 600,000 shares: imued 350,000 shares	\$ 350,000	
Common —without per value:	•	
Authorized 350,000 shares: issued 350,000 shares including 15,000		
shares held in treasury—stated capital		\$ 3,350,000
Surplus:		2 2.324.0
Capital surplus	4,405,856	454.260
Earned surplus	6,485,339	3,478,573
Total capital stock and surplus	\$11,241,195	\$ 3.042.833
, ,		\$25,466,181
Toru. (Nat D)	\$28,639,374	329,466,181

NOTES TO CONNICIONTED BALANCE SHEETS.

Note 1. "The back revise agreements relative to the Regulation V (type basis) pleasale for maximum long of \$11.001.001
and under certain conditions for reduction in the bouns prior to
tolds studi manutity, dates. We agreement also provide for
(1) the assemblement to the banks of all amounts done or becoming
done to the subsidiative under appeared contracts in effect their
backs of the subsidiative moder appeared contracts in effect their
backs on the first the subsidiative and accounts provided under the
agreements. Fire hadron in the special bank accounts provided under the
agreements. Fire hadron is in the special bank of the subsidiative and
(Egisher 31, 1912) respectively, and amounts due under apgine of contracts in accounts are were observables agree under the
and Egisher to be a subsidiative to the subsidiative to the
and the subsidiative contracts of the subsidiative three
wholestars.

Are B. Retremen to made to North Ecological confidence in
profits onlight to the provisions of the firing station. At NOTES TO CONSOLIDATED BALANCE SHEETS.

Niger Cinder the terms of the Law agreement applicable.

to hong term debt, the Company agreed among other things that it would not it? pay any dividend on its capital elements of the control of the

# Consolidated Statements of Profit and Loss and Suplas Years Ended Colober 31, 1944, and Colober 31, 1943

# DRESSER INDUSTRIES, INC. AND CONSOLIDATED SUBSIDIARIES

### PROFIT AND LOSS

##T 796717	Additional previation for prior year			Total taxes on income	Adjustments for prior years (erf)	Less postwar refund of excess-profits sames.	A CONTRACTOR OF TAXABLE CONTRACTOR OF TAXABL	for 1944, and 3543,000 for 1943)	Federal normal, settux, and declared value excess profits taxes. Federal excess profits taxes (after credit for debt retirement of \$400,000	Taxts on Incom (reimated): Provision for the wear:	PROPET BEFORE TAXES ON INCOME AND PROVINCE FOR RENEGOTIATION		Miscallancous	Loss—profit " on dispusal of depreciable assets.	Others Department:		Miscellaneous	Retails received.	Liptorical carried	Отива Інсоня:	OPERATING PROPET (New 4)	SELLING, EMOUNTERING, GENERAL AND ADMINISTRATIVE EXPENSES	Gade Phorm	Contract Comman Series		
1,454,359	50,000	75.000	\$ 2,456,359	6,352,402	8 4,390,000	242,000	\$1,000	6,019,000	\$ 540,000		\$ 8,000,961	40.50	6,406	10,577	# (7)	\$ 9,213,547	11,924	9,000	\$ 53,946		\$ 9,134,677	1 940 445	41,900,784	854,995,408	Oct. 31, 1944	
\$ 1,851.143	- GOOLING .	•	\$ 2331,143	10.34	\$ 3 1,000	294,000	30.000	6,927,000	\$ 400,000		\$ 9.9"1,309	- Sec.	3,967	20,417		\$10.2 0,907	3.03	900	5 21.926		\$10,224,845	1 700 147	40.9 3,010	\$62,199,030	Oct. II, 1943	

NOTES TO CONSOLIDATED STATEMENTS
OF PRINTED AND LOGS
Note: 1—Provision for department and americaning and approximate of the printed and approximate of the local policy of the local poli

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DEFEC MANUFACTURING DIVISION; THE BRYANT HEATER COMPANY; CLARE BROK CO., INC.; PACED PUMPS, INC.; BOVAIRD & SEVEANG MANUFACTURING COMPANY, DRESSER MANUFACTURING COMPANY, LTD.

Nation-Reference is made to Notes A, C, and D to the Controlled Balance Sheets, and v. Nate B to the Controlled of Freils and Loss.	Balance at end of year	Net charge resulting from renegotiation of 1942 war contracts	Cash dividends and (1944—87 0) share: 1943—81 76 share)	Continent Division (190% costed acquired as of November 1, 1943)	Net profit for the year.  Net profit for the year.  Net adjustment arising from cosmolidation of Pacific Pumps, Inc. Mid-	Balance at beginning of year	EARNED SURFLUS:	per share of capital sace saving a par value of \$1.00	Transfer from stated capital in connection with change of capital stock	Reserve for doubtful account provided by subsidiary company at date of accountion—returned to capital nurshin	Execus of selling price of 15,000 treasury shares over amount assigned to stated capital.	Add:	Balance at beginning of year	Carrie Common	SURPLUS
	\$ 6,485,339	9/0,000	• 630 000	20,407 \$ 7,153,339	1,634,359	\$ 5,478,573		3,150,000	į	75.14	326,450		\$ 854,260	Year Eaded Oct. 31, 1944	
	\$ 5,4 8,5 3	125.514		10.001.0	1,851.143	\$ 4.339,494							\$ 854,266	Vew Ended Oct. 31, PM3	

## ACCOUNTANTS' REPORT OF EXAMINATION

As of Nevenhee I. 1843. Pacific Pumps. Inc. Johnney, Pacific Pumps Worksl. is should not be deduce accurate the minury (Secretal Made Continued Design). Compared the minury (Secretal Made Continued Design). Compared to Pacific Pumps Inc. Made Continued Designation, and the secondary of the compare of the real feed Orygan's II. 1845. The recognition of the variety of the continued of the continu

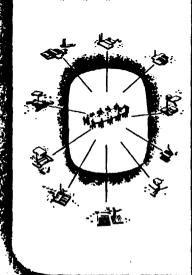
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DRESSER INDUSTRIES, INC.

TERMINAL TOWER CLEVELAND 13, OHIO



### **OFFICERS**

H. N. Mallon	President
J. B. O'CONNOR	Executive Vice President
C. P. CLARK	
LYLE C. HARVEY	Vice President
ARTHUR R. WEIS	Vice President
R. E. REIMER	Secretary and Treasurer
A. F. WITTHINRICH Assistant See	cretary and Assistant Treasurer
JAMES F. SIMPSON	Assistant Secretary
L. PARKS SHIPLEY	Assistant Secretary

### EXECUTIVE COMMITTEE

H. N. MALLON, PRESCOTT S. BUSH, WM. A. MCAFEE and J. B. O'CONNOR

### DIRECTORS

PRESCOTT S. BUSH ..... Partner, Brown Brothers Harriman & Co., New York, N. Y. NORMAN CHANDLER . . . . President and General Manager, Los Angeles Times, Los Angeles, Calif. C. P. CLARK.... President, Clark Bros. Co., Inc., Wn. V. GRIFFIN... Chairman, Brady Security and Realty Corp., New York, N. Y. LYLE C. HARVEY . . . President, The Bryant Heater Company, Cleveland, Ohio O. M. HAVEKOTTE ..... President, International Derrick & Equipment Co., Columbus, Ohio H. N. MALLON ... President Wil. A. McAfee, McAfee, Grossman, Hanning & Newcomer, Cleveland, Ohio J. B. O'Cosson ... Executive Vice President G. L. Ohrstrom & Co., New York, N. Y. ARTHUR R. WEIS. President, Pacific Pumps, Inc.,

10 State Sand believed by the State State

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Huntington Park, Calif.

DRESSER INDUSTRIES, INC.



LANUAL REPORT

This Annual Report is furnished you in advance of our request for proxies. A proxy statement and form of proxy will be forwarded by the Company to each shareholder on or about February 5, 1946.

CLEVELAND, OHIO

LOR THE FISCAL YEAR ENDED

остовек тигкту-гік т

Dresser Industries, Inc.

TO THE SHAREHOLDERS OF

### Dresser Industries, Inc.

A CROUP OF COMPANIES

UNDER A

COMMON OWNERSHIP

### Parent Corporations

DRESSER INDUSTRIES, INC. Cleveland, Ohio

### Member Operating Companies

BOVAIRO & SEYFANG MANUFACTURING COMPANY Bradford, Pa.—Founded 1891

BRYANT HEATER COMPANY Cleveland, Ohio-Founded 1908

CLARK BROS. Co., INC. Olean, N. Y.—Founded 1880

DAY & NIGHT MANUFACTURENG COMPANY Monrocia, Calif.—Founded 1909

DRESSER MANUFACTURING DIVISION Bradford, Pa.—Founded 1880

DRESSER MANUFACTURING COMPANY, LIMITED Toronto, Ont., Canada—Founded 1931

INTERNATIONAL DERRICK & EQUIPMENT COMPANY Columbus, Marietta and Delaware, Ohio; Beaumont, Texas; Torrance, Calif.—Founded 1930

KORE, INC.
Huntington Park, Calif.—Founded 1923

Pacific Pumps, Inc.

Huntington Park, Calif.—Founded 1923
PAYNE FURNACE COMPANY

Beverly Hills, Calif.—Founded 1915

ROOTS-CONNERSVILLE BLOWER CORPORATION
Connersville, Ind.—Founded 1854

SECURITY ENGINEERING Co., INC. Whittier, Calif.—Founded 1931

THE STACEY BROS. GAS CONSTRUCTION COMPANY Cincinnati, Ohio—Founded 1915

VAN DEB HORST CORPORATION OF AMERICA Olean, N. Y. and Cleveland, Ohio-Founded 1940 (50 PER CENT OWNED)

Stock Transfer Agents: BROWN BROTHERS HARRINGN & CO., NEW YORK, N.Y.

BANK OF AMERICA NATIONAL TREST AND SAMES ASSOCIATION, LOS ANGELES, CALIF. (common stock only)

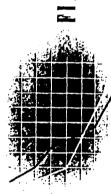
Stock Registrary: CITY BANK PARMERS TREST COMPANY, NEW YORK, N.Y.

SECURITY-FIRST NUMBERS AND US LOS LIGHTS, CALIF. (common stock only)

Common Stock Listing: NEW YORK STOCK EXCHANGE + LOS LIGHTLES STOCK EXCHANGE

Professed Stock Listing: NEW YORK STOCK EXCHANGE

### III GHLIGHTS for the year ended October 31. 19 13



	ŀ
Sales (net)	\$80.541.911
Profits (net after taxes and renegotiation provision)	\$1,921,628
Profit—per common share	\$1.81
Current rate of dividends—per common share	\$1.20
Backlog (unfilled orders)	\$21,450.000
Working Capital	\$17,222.387
Property, Plant and Equipment (net)	<b>\$7,3</b> 11.331
Net Worth (capital stock and surplus)	\$24,945,273
Payroll (wages and salaries—all employees)	\$20,147,996
Common stock outstanding (shares)	1,060,059
Number of Employees	6,547
Number of Common Shareholders	3,790





January 29, 1946

To the Shareholders:

The fiscal year of Dresser Industries, Inc. ends on October 31. In normal times, this fact would have no special signifi-

cance; but this year, in view of the date of VJ Day, it means that Dresser is reporting for a twelve months' period most of which was abnormal because of the war impetus, and the last two months of which were equally abnormal due to the transition into the unsettled reconversion period.

The effect of the end of the war upon our member companies varied widely, depending upon nature of product, and war production contracts. War orders tapered off during the company's fiscal year, and as the war drew toward a close, cancellations were slightly in excess of \$15,000,000. Conversion to peacetime operations has been a comparatively simple problem for some of our companies and a difficult one for others.

Dresser Industries, Inc. now comprises fourteen companies. In the latter part of this report you will find a brief summary of the operations, plans and prospects of each of the Dresser members.

### SALES AND EARNINGS FOR 1943

Total net sales of Dresser Industries, Inc. for the year ended October 31, 1945, amounted to \$80,544,911 by comparison to \$54,995,408 for the year ended October 31, 1944.

Earnings for the year ended October 31, 1945 totaled \$1.921.628 by comparison to \$1,575,075 for the year previous.

The above figures for the 1945 fiscal year include operations of International Derrick and Equipment Company. Roots-Connersville Blower Corporation and The Stacey Bros.

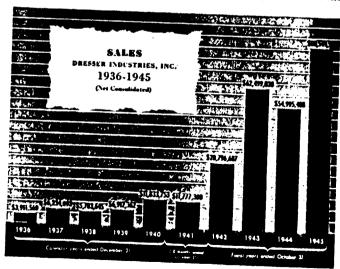
Gas Construction Company since November 1, 1911; Payne Furnace Company, and Kobe Inc. since February 1, 1915; and Day & Night Manufacturing Company since April 2, 1945. They do not include operations of Security Engineering Co., Inc., a quired by Dresser as of November 1, 1945; nor do they include operations of Van der Harst Corporation of America, an affiliate, 50 per cent owned by Dresser.

Renegotiation on business for all prior years has now been practically concluded, and an estimated provision of \$300,000, after taxes, has been set up for renegotiation refunds on business done in the fiscal period ending October 31, 1915.

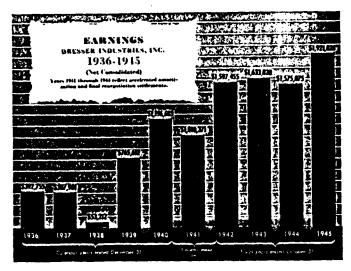
The backlog of unfilled orders as of October 31, 1945 was \$21,450,000. On December 31, 1945, our backlog of business was \$25,500,000.

### CHANGES IN CAPITAL STRUCTURE

In October, 1944, Dresser shareholders voted to increase the number of Dresser common shares from 350,000 to 600,000. Last March, the then-authorized total of (AA),000 shares of Dresser common stock was split two for one, and an additional 1,200,000 shares were



t



authorized, bringing the total to 2,400,000. Of the 2,400,000 common shares authorized. 1,060,059 were issued and outstanding as of October 31, 1945.

In October 1945. Dresser shareholders authorized 120,000 shares of preferred stock, having a par value of \$100 each, of which 60,000 shares, bearing a dividend rate of  $3\frac{3}{4}\%$ , and convertible into common at the rate of  $2\frac{3}{2}$  shares of common to one of preferred, were issued and sold to the public at \$103 a share. The issue was many times oversubactibed and has since sold up to \$112 per share, indicating the appeal of this senior Dresser security to the investing public.

### DIVIDEND POLICY

Dividends on the present common stock are currently being paid at the rate of 30 cents per quarter (\$1.20 a year) in December, March, June and September, Dividends on the preferred shares will be paid at the same time and will amount to \$.9375 quarterly.

### CORPORATE CHANGES IN MEMBER COMPANIES

Plans have been completed whereby the \$800,000 of Roots-Connersyille of a cumulative

preferred stock still in the hands of the public will be retired out of the proceeds of the recent issue of Dresser preferred as of February 1, 1916 at \$102 plus accrued dividends. The net result represents not only final acquisition of complete owner-hip of Roots-Connersville by Dresser but a decrease in fixed interest charges.

Previous to its acquisition by Dresser Industries, Inc., International Derrick and Equipment Company was incorporated in the form of three separate corporations—one in Ohio, one in Texas, and one in California. To simplify this situation, these three corporations have now been brought together into a single International Derrick and Equipment Company, with headquarters in Columbus, Ohio. This development represents no change in the function of the Ideco offices in Beaumont, Texas, and Torrance, California but serves merely to eliminate an unnecessary complication in the corporate structure.

### NEW COMPANIES

Four companies have become members of the Dresser group since the publication of our last Annual Report:

PAYNE FURNACE COMPANY, Beverly Hills, Calif.

KOBE, INC., Huntington Park, Calif.

DAY & NIGHT MANUFACTURING COMPANY, Monrovia, Calif.

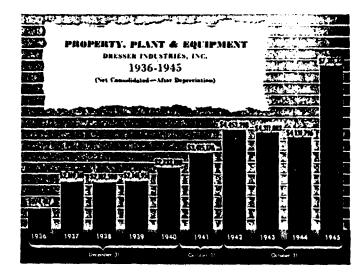
SECURITY ENGINEERING CO., Inc., Whittier, Calif.

The nature and products of the first three of these companies have been described to you in our last Annual Report and subsequent Quarterly Letters to Shareholders, and current details concerning them may be found in the latter part of this report.

Security Engineering Co., Inc., however, was acquired only last November, after the close of our fiscal year, and is of particular importance because many of its products are of such a nature as to represent a substantial and consistent replacement market.

Security, located at Whittier, California, has developed specialized and highly-engineered equipment and tools used in drilling and servicing oilwells. Among these products are rock bits, reamers, hole openers, liners, cutters, packers, fittings, etc. Many of its products are patented, including "Securaloy," a drillable alloy finding increasing oil field use. Most of the above items are expendable in drilling, and so represent repeat business.

Acquisition of Security assets and business was consummated by exchanging 35,078 shares of Dresser common stock for the shares of Security, on the basis of one share of Dresser common for one and three-quarters shares of Security common.



### PLAN OF GROWTH

The purpose of adding new member companies to the Dresser group during the past year was to gain desirable and selective representation in certain phases of the oil and gas industries. This extension of the nature and scope of our operations serves to round out and balance our over-all picture and contribute to our future protection and progress.

In acquiring Day & Night Manufacturing Company and Payne Furnace Company, we gained representation in the West and Southwest in the gas home-heating field, which complements the position already occupied by Bryant Heater Company in the central and eastern states.

By acquiring Kobe, Inc. and Security Engineering Co., Inc., we gained representation in certain highly technical aspects of petroleum production which supplements the services performed in that field by International Detrick and Equipment Company, Clark Bros. Co., Inc., Pacific Pumps, Inc., and other Dresser member companies.

The selection of member companies has been made after careful study, and action has

been limited to such possibilities as gave clear evidence of mutual benefit both to the company acquired and to the other members of the Dresser group.

### INTEGRATION AND CO-ORDINATION

The end of the war and the return of peacetime business have given us the opportunity to resume active progress toward further integration and coordination of the member companies in the Dresser group.

Engineering staffs have been strengthened and steps are being taken whereby the engineering skill and experience of each company may be applied, where practicable, to the problems of other member companies.

In fact, this pooling of engineering facilities is also being extended to the field of customer relations. As an example, there is currently being established in Cleveland a separate sales and service office to be operated as a division of The Stacey Bros. Gas Construction Company. This division is prepared to offer a service, including both the designing and building of facilities for the gas industry, which has not been available up to this time. In carrying through such a program, this Stacey-Dresser Engineering Division will call upon the services and products of over half of the other Dresser member companies.

In the headquarters office in Cleveland, a newly created department is now at work developing new and additional markets for the products of Dresser member companies in major industrial centers.

At Tyler, Texas, operations will start about May 1st in the new Bryant Heater plant in which certain products and personnel of Bryant Heater, Payne Furnace, and Day & Night will be combined, to the advantage of all three companies.

### THE FUNCTION OF BRESSER INDUSTRIES, INC.

The function of our company is easy to define. We serve the oil and gas industries primarily—and we aim to do so all along the line.

Between crude oil in the ground, and gasoline and other end-products of refining, lie a host of successive steps and processes involving a vast variety of equipment and supplies. Dresser products play an important part in practically every phase of petroleum production, transportation, and refining. In the case of gas, our activities go even further. Our products are used all the way from exploratory drilling to heating private homes.

Meanwhile, because some of the things we make for the oil and gas industry are likewise of use to certain other industries, we have in addition what might be termed a general industrial market.

In order to present this general picture in visual form, a chart has been prepared which is folded into the middle of this book. May I urge you to study this chart, and in the light of the information there presented, to read the brief accounts of the activities of the various member companies which form the concluding section of this report.

Respectfully submitted,

Mallon

Cleveland, Ohio January 29, 1946

### Consolidated Statements of Profit and Voss

DRESSER INDUSTRIES, INC. AND CONSOLIDATED SUBSIDIARIES

YEARS ENDED OCTOBER 31, 1915, AND OCTOBER 31, 1911

	Year Ended Oct. 31, 1915	) rat Ended (92, 11, 1911
Net Sales.	\$80,514,911	454,995, MB
Cost of Goods Solp	63,689,275	\$2,275,917
Gauss Panert	\$16,823,614	112, 19, 191
SELLING, ENGINEERING, GENERAL AND ADMINISTRATIVE EXPENSES	8,102,727	1.8.0.176
OPERATING PROFIT (Note A).	\$ 8,732,979	1 4,870,115
OTHER INCOME		
Interest Earned	\$ 77,495	\$ 51.910
Dividends received	15,751	
Miscellaneous	80,628	10.347
	\$ 173,H.	64.71
	\$ 8,926,786	\$ 8,963, MB
OTHER DESECTIONS Laterest expense	\$ 366.200	# 385,579
	• •	• ••••
Miscellaneous	19,384	8, 137
	8 345,584	\$ 394.1851
PROFIT BEFORE TAXES ON INCOME. PROVISION FOR RENEGOTIATION,		
AND MINORITY ENTEREST	\$ 8,541,202	1 8,569,179
TAXES ON INCOME (estimated)		
Provision for the year		
Foderal normal income tax and surtax	\$ 729,000	\$ 556,826
Federal excess profits taser	3,643,000	5,385,5.9
Canadian and state income taxes	41,250	53,000
	8 6,415,250	8 0,193,W3
Refundable portion of prior veurs federal taxes on income		
resulting from loss carry-back, etc.—set	143,676*	37,398*
TOTAL TAKES ON INCOME	8 6,271,373	\$ 0.158,007
PROFIT BEFORE PROVISION FOR RENEGUTIATION AND MINORITY INTEREST	2,269,628	1 2 111,392
PROVISION FOR RENEGOTIATION REPLANS (New B)	300,000	836.317
PROFIT BEFORE MENORITY INTEREST.	\$ 1,969,6.78	F 1.575.075
DIVIDENDS ON PREFERRED STOCK OF SUBSIDIARY CONSIGNATED		
HELD BY MENORITY INTEREST	18,000	
NET PROFIT	1,921,628	\$ 1,3,3,0,3
91_4ii and 6		

Alles d. - Personne for depression and approximation, deducted above, magnetic to BL355.05 and BL962.761, respectively, for the price model October 31, 1985, and October 31, 1985, before the price model October 31, 1985, and October 31, 1985, before the interference of the conference mentionation of the conference mentionation of use of emerging therefore needs to provide under depression. If PLS and Conference is by (11 and Conference is a Conference in the price of the to by (11 and Conference in the Conference in the price of the

Aug B. Bengainton procedure of Error Indotters, for and sub-above to constituted at theory 31, 1934 have here completed for the head year 1931 and 1934 and real of a no stagement net addigonal characteristics and the applicator were on to-one of \$2.95 (a).

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### Consolidated Balance Sheets October 31, 1945, and October 31, 1944 DRESSER INDUSTRIES, INC. AND CONSOLIDATED SUBSIDIARIES

### ASSETS

### LIABILITIES, CAPITAL STOCK, AND SURPLUS

	Oct. 31, 1915	0a. 31, 1544
CUBBENT ASSETS		
Canh (Nest A)	\$ 8,474,254	\$ 8,805,774
U. S. Treasury Notes-Tax Series, less amount applied against estimated	1 120 241	231,150
liability for federal taxes on income	1,170,361	231.130
Receivables		
Trade notes and accrued interest	5 303,373	8 132865
Trade accounts (Note A)	6,741,063	5,063.791
Less reserves.	5 7,044,436 459,417	8 3,156,636 204,579
Less reserves	5 6,585,019	\$ 4,99 <u>2.11.</u>
Claims and charges in connection with terminated war contracts—principally		
at incentory cost (Note A)	4,916,733	861.122
Postwar refund of excess profits taxes festimated)	540,910	
Inventories—at lower of average cost or replacement market		
Finished products and parts	8 2,947,614	8 973,538
la-acores products and parts	3,869,453	6.072.224
Raw materials and supplies	1,038,826	1,768,391
Finished parts on consignment	67.836	5.734
amount person on transportation of the second	112,923,729	8 8.821.9TI
Less advance payments from customers on contracts	179,061	188,098
	\$12,744,668	8 8 633 813
Total current assets	\$34,431,945	\$23,344.696
IN ESTMENTS AND OTHER ASSETS		
Postwar refunds of excess profits taxes testimated)	s	3 502.464
Investments in affiliated and other companies.	108,325	105.400
Estimated claims for refundable portion of prior years taxes on income	575,046	
Miscellaneous receivables, etc., best reserve.	235.858	113
Total investments and other assets	\$ 919,129	<b>६ स्था</b> ंका
PROPERTY, PLANT, AND EQUIPMENT—major portion at cost less reserves for depreciation		
and amortization		
Land and lead improvements	\$ 725,536	\$ 203,709
Buddings	3,729,929	1,831.281
Machinery and equipment, etc	10,782,883	3.780.009
	\$15,238,348	\$813.039
Less reserves for depreciation	7.927.017	1,003.101
	\$ 7,311,331	\$ 3,212,105
Emergency facilities		
Land and land improvements, buildings, machinery and equipment.	\$ 2,410,762	\$ 1.682.229
Less reserves for apportunition	2,110,762	762,428
	5	\$ 919.30
Total property—net	111,111,7	\$ 1000 m
Patento,	1	ı
Distance Counts		
Perpand taxes, insurance, supplier and expenses.	304.125	247.774
Turk ( Note D1.	\$12.46.811	\$ 28.6.39.27

0 1	Oct. 31, 1945	Ua. 31, 1911
Cusserv Liasternes  Notes payable to banks (Regulation V type loans to substitiaries) (Vote A)	A 4 100 100	3 9,500,000
Accounts payable (includes estimated liability for renegotiation refunds)	8 6,528,190	2 9.3(R),(RR)
(Nate B)	4.751.628	4.016.672
Liabilities stising in connection with terminated war contracts	631.631	466 393
Accrued	401,001	144.773
Salaries, wages, and commissions	\$ 1.023.663	\$ 671.693
Taxes, interest, rent, etc	736.888	320.293
	8 1.760.331	991,988
Federal, state, and Canadian taxes on income (extimated)	\$ 6.877,470	\$ 6.631.674
Less U. S. Tressury Notes -Tax Series - applied	3,362,935	1,511,650
•	\$ 3.51 4.335	\$ 2,120,024
Total current liabilities	\$1.,209,558	\$17,098,079
LONG-TERM DERM		
Notes payable—maturing in annual installments of \$150,000 each		300,000
MINORITY INTEREST IN PREFERRED STOCK OF CONSOLIDATED SUBSIDIARY		
Roots-Conneteville Blower Corporation-8,000 shares at par value and ac-		
crued dividends (redcemable at \$102 a share)	812.000	
CAPITAL STOCK AND SCRPLUS (Notes A, C, D, and E)		
Capital stock		
Authorized		
120,000 shares preferred (par value \$100.00 a share) and 2,400,000 shares common (par value 50c a share) of which \$50,000 shares were reserved for conversion of preferred at October 31, 1945; 600,000 shares common (par value \$1.00 a share) at October \$1, 1944		
Outstanding		
Preferrod Stock (Cumulative) 334% Series (Convertible prior to September 13, 1955; redeemable at \$107.50 a share to September 13, 1950; and at reducing prices thereafter to \$104 after September 15.		
1955) —60,000 shares	\$ 6.(H#1.(H#)	
Common stock (par value \$ 30 a share) -1,060,059 shares	530,030	
Common stock (par value \$1.00 a share)—350,000 shares		\$ 350,000
Surplus		
Capital surplus	11.739.097	4, 105,856
Earned surplus Total capital stock and surplus	6.676.136 \$21.915.253	0, 185.339 \$11.211.195
Tural (Note D)	\$12,966,831	1.8639.2.4

Note 4. The bank credit agreements at Drinker 31, 1935 (tribute to the Regulation 5 type based) perceide for maximum fasons of 2.5 gpt state maximum fasons of 2.5 gpt state maximum for review fave in Drender 31, 1935, and under certain conditions for reducing in the bases or regime dots. The agreements including a 7 bean agreement for 190 that state marks make him maximum for the contract of the 190 that state about 190 that is a state of the contract of the contract of the contract of the contract of the state of the contract of the contract of the contract of the contract of the state of the contract of the contr

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### Consolidated Statements of Surplus

DRESSER INDUSTRIES, INC. AND CONSOLIDATED SUBSIDIARIES

YEARS ENDED OCTOBER 31, 1945, AND OCTOBER 31, 1944

	Year Ended Oct. 31, 1945	Year Ended Oct. 31, 1944
CAPITAL SCRPLUS		
Belance at beginning of year	\$ 4,405,856	8 854,260
Excess of selling price of 15,000 treasury shares over amount assigned to stated capital.		326,459
Reserve for doubtful accounts provided by authodiary company at date of acquisition—returned to capital surplus		75,146
Transfer from stated capital in connection with change of capital stock without par value to capital stock having a par value of \$1.00 a share		3,150,000
Excess of net assets (as above by books of acquired companies after subse- quent minor adjustments) over par value of capital stock issued in connec- tion with exquisition of subsulary companies during the year	7,318,211	
Excess of net proceeds fafter deducting under-riters' commissions of \$165,-	15.000	
000) over per value of 60,000 shares of preferred stock sold during the year		N - 100 000
Beliaco at and of year	\$11,739,097	\$ 4,405,856
Example Scarter		
Belance at beginning of year	\$ 6,485,339	\$ 5,478,573
Add		
Net profit for the year	1,921,628	1,656,359
Net adjustment arising from consolidation of Parific Pumps, Inc. Mid- Continent Division (100% control acquired as of November 1, 1943)		20,407
Amount received from underwriters for dividends accrued from September		
15, 1945, to date of sale of 60,000 shares of preferred stack	21,250	
	8 8,428,217	8 7,155,339
Deduct		
Cook dividends paid		
On common stock, par value \$1.00 a share (1945—\$1.00 a share; 1941— \$2.00 a share)	\$ 453,000	8 670,000
On common stock, par value \$.50 a share \$.90 a share	954,053	
Accelerated amortization of cost of emergency facilities applicable to prior	201,000	
years, less credit for refundable federal tates on income	73,541	
Net additional charge resulting from renegotiation for prior years (1941— 836,317; 1943—9194,241)	230,558	
Expenses in connection with sale of 60,000 shares of preferred stack	40.919	
Coppension in Constitution with the second of property and the second of	1.752.071	\$ 670,000
Balance at ead of year.	8 6.676.146	\$ 6,485,339

Note—Reference is made to Moses A, C, and D to the associated belonce shares, and to Notes A and B to the consolidated enterward of

### ACCOUNTANTS' REPORT OF EXAMINATION

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Drawer Industries, Inc

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We a have examined the consultance before and Director balance to a consistent of Director Data trees, lear, and an exaministing submissions as of Orioter 21, 1945, and the consultance interment on prints and beautiful and applied for the present color of the prints and the subscription for the present as the minimiser original objects and survey dates of approximate as to minimiser original objects provided for operation of the submission consistent and the consultance provided for operation of the consultance of the con

esomination was made in necordance with generally accepted public standards applicable in the streumstances and included all procedur

In our aposion, the necessparing balance shows and related musmercy of perfect and low-set al-register persons fairly to immediately material of Dermer Indivision, Eur., and me translated residuative as for the ST, and Orosher 21, 1981, and the consultation results of their operations for the peace could not three dates including results of personation sees district all conjunctions, as no substantial results of the present, in confurming such generally necessary required decisions the present, in confurming such generally necessary required decisions.

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### Potential Markets

 Most Americans want, above everything else, a comfortable home, and a good car.

Dresser activities—as indicated on the preceding chart—tie directly into both these desires.

Throughout the war, normal progress toward the fulfillment of these desires was stopped. The result is a large accumulated demand.

It appears to be indicated, therefore, that after a temporary period of readjustment the overall volume of business related to the petroleum industry will be substantially larger, postwar, than was the case prewar. Automobile and airplane expectations alone would testify to that fact.

In the field of home comfort, automatic heating systems replacing old, inefficient heating methods represent possibilities even more extensive than those presented by new housing programs; particularly in view of the prospective extension of natural gas facilities.

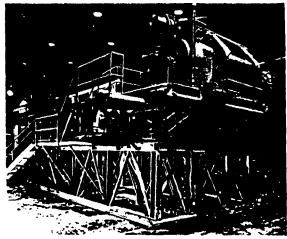
Every extension of the use of petroleum and gas means a potential expansion of the products of Dresser member companies provided our various sales and engineering organizations are alert enough to convert such expanded opportunities to concrete orders for the products of our factories.

In the light of these facts, we present the following brief current reports from the member companies of Dresser Industries, Inc.

### Boxaid's Soyfang Manufacturing Company

BRADFORD, PA

• Bot and & So and g is a pioneer in the manufacturing of gas and oil field septiment used to the solution oil and gas fields of western New York, Periodicaria, Ohio, and Yell V. Varnia. The market for this equipment, while not an expanding market proceed as seemly those of orders from year to year. To get full utilization of the majoral and a relative of Boyaird & Seylang, the company is now producing in the idate a majoral and a complete rotary drifting rig, capable of drifting sella 15,000 m. for used it the Mid-Continent and foreign oil fields. With the transit in oil field drifting remody heading in the direction of desper wells, and with limited competition, the search equipment line, Boyaird & Seylang should have a satisfactory volute of a sincess on these two new products that the Dresser group was heretofore and left supply.



A Commett driffing rig manufactured to Howard & Sections for oil pride.

### Bryant Heater Company

CLEVELAND, OHIO

The Bryant line of gas-fired heating equipment for residential and commercial
uses has long been famous. The home building boom and the expected demand for
new gas-fired heating to replace outmoded
methods will tax Bryant production.

Included in the company's program of technical improvements are an automatic pilot light, industrial burners, and various other devices designed to improve the performance of the company's entire range of products.

The Tyler. Texas plant, as mentioned earlier in this report—together with the integration of sales and merchandising efforts of Bryant, Payne, and Day & Night—promises substantial benefits to all three companies concerned. The limits of immediate expansion of Bryant output are defined only in terms of the potential supply of steel, castings, fractional horsepower motors, controls and other supplies.



A Heyant warm air brating unit for modern

Clark Bus. Co., Inc.

OLEAN, N. Y.

Clark continues to follow in the line of its long established business of supplying engines and compressors to the oil, natural gas, and related industries. However, certain new developments are of interest.

The company has developed, and has put on the market, one of the most powerful engines and compressors ever built which it terms its "BA-17" model for pipe lines where large volume and high pressure are required. It is also giving consideration to the manufacture of new and amaller compressors and pumps, not only for oil and gas but for general industrial uses.

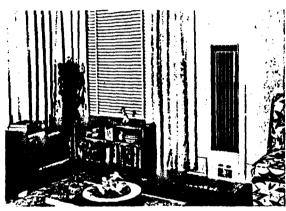
The volume of Clark sales is currently holding up satisfactorily, with indications of considerable foreign business. Additional domestic business arising from contemplated further pipe line developments and new refineries within the United States is also in the offing.

The Clark "B\-1." gas engine driven compressor, the most powerful ever built, pumping natural gas on a pipe line in Tennesser.



### Day & Night . Unnufacturing Company

MONROVIA, CALIF.



A flay & Night "Punctray" gas wall heater, a new and highly successful method of endings beating.

 From a company first organized to manufacture water heaters that utilized the sun's rays. Day & Night has grown to become one of the country's leading manufacturers of automatic gas water heaters.

Day & Night is also fast assuming an important place in the home heating field through its Panelray; a vented, gas wall heater.

Day & Night has been particularly dominant in the Pacific Coast and southern states, but an aggressive extension of its sales outlets is planned when present backlogs are satisfied and there is an improvement in the availability of raw materials and supplies.

In the meantime, Day & Night is developing related products and continuing an active program of research.

Future potentialities of Day & Night are also enhanced through the product and sales integration with Bryant and Payne.

### Dresser Manufacturing Livision

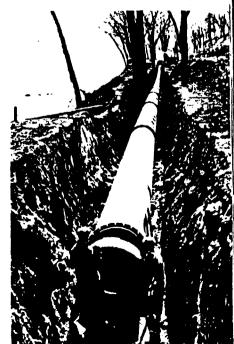
BRADFORD, PA.

Dresser Manufacturing Division was the original plant of the part of mounts.
 From the very beginning its chief function has been that of supplied supplied supplied supplied to the gas, oil and water industries out it as remains its principal bread-and-butter business to this day.

However, this Division is now engaged in an attempt to enlarge  $n_2$ , where, it is adapting its techniques, gained through the experience of making pipeline couplings, to other industrial purposes such as welded and forged rings and motor frames, and has set up a new sales division to achieve this objective.

As a result, Dresser Manufacturing Division is consolidating its position intrough diversification in related lines of production.

Dresser Manufacturing Company, Limited, in Toronto, is a marketing and distributing company. Through its offices are coordinated sales activities, in Canada, for Dresser Manufacturing Division and its outlook, therefore, reflects the overall potentialities of Dresser Division.



World famous threses emplings being installed on a 12" water line in Nelsenka.

### International Lerrick and Equipment Company

COLUMBUS, OHIO

• The trade style, Ideed, appears on a wide range of products for the petroleum industry. Among recent Ideed developments for the oil fields are two mechanical rotary rigs: one for drilling to depths of 7,000 ft, and the other to 10,000 ft. Other contributions to this industry are three new winches of various capacities for drilling medium-depth wells and for servicing deep wells. These winches are usually mounted on a semi-trailer along with an Ideed portable mast.

A new series of spudder type drilling machines, supplementing the present line of drilling tools, permits ideco to offer complete service to the waterwell drilling industry. The larger of these is also suitable for drilling shallow oil wells.

Ideco's program of improvements at its Columbus plant is rapidly nearing completion which will make for greater efficiency of pumping unit production and will permit a further extension of Ideco's service to industry.

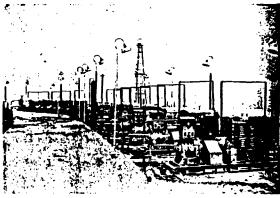
In the future, Dallas, Texas will be the headquarters for Mid-Continent sales. This office is being expanded to accommodate these additional activities.

Ideco is another of the Dresser companies whose engineering techniques, developed primarily on behalf of the petroleum industry, are of use to other industries. As an example, the experience gained in the design of derricks has led to the development of all types of towers radio towers, airway beacon and transmission towers, Boodlight and observation towers. Ikewise, the prefabricated steel building has found many applications at airports and for a wide range of industrial purposes.

Ideea production equipment on a drilling

Kote, Inc.

HUNTINGTON PARK, CALIF.



This battery of habe Triples Pumps in California.

 Kobe, Inc., one of the newly acquired Dresser companies, hall with for itself before the war a position in the field of hydraulic oilwell pumping of its ment.

During the war, however, Kobe was asked by the Army and the Nave to do an extremely difficult job in the manufacture of gages. The job was done and fone well but in doing it. Kobe was forced to sacrifice for the time being its services intacts with the oil fields, and its development work in connection with hydrogic pumping equipment.

Now that the war is over, a swift reversal is in progress, kobe has its ontinued the manufacture of gagest is reestablishing its service connections and facilities in the officiels; and in addition is pushing the development of a now place that can be removed beclamically from the bottom of an odself more than a mile ground in a few minutes for inspection or reput just by furning a lady. This eliminates the present confivance tunning operations of puller, the is ends of feet of tubing out of the well.

### Roots Connerscille Blower Corporation

CONNERSVILLE, IND.

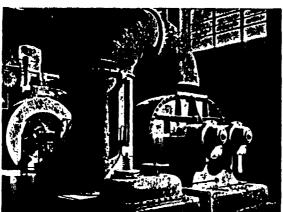
Roots-Connersville has been building blowers and allied products ever since
 1854—and it is significant that its profit record has been constant and satisfactory.

The products of this company have a more diversified use in industry than is the case with any other member organization. While the manufactured gas industry has long been a substantial customer, the fact remains that its heaviest volume of business is now derived from the general industrial field—including the chemical, studies, foundry, refinery, paper, textile, food, grain, mining, and many other industries.

Capacity production for the year seems assured from a backlog of orders placed by established Roots-Connersville customers who were unable to obtain equipment during the war.

This business is further buttressed by the over-widening uses to which "Roots Rotary" blowers and exhausters are being successfully applied, supplemented by a complete line of centrifugal units which gives wider coverage to these important industrial fields. Each type has distinctive characteristics, which makes it possible for Roots-Connersville to offer unbiased recommendations based on the required operating conditions, thus better serving the customer.

A Roots-Country-life blower med for trenting sounge in New York City.



### Security Engineering Co., Inc.

WHITTIER, CALIF.

 Security Engineering Co., Inc., the latest addition to Dresser Industries, Inc., manufactures subsurface drilling and production equipment used in oil wells. This is a highly specialized business, dependent upon expert engineering knowledge and complete field service.

Security Rock Bits, Sievers Reamers and Security Casing Scrapers are well established tools used extensively in the drilling division of the oil industry. In addition, Security fabricates many oil well production items from "Securaloy," a patented drillable material which can be used in a well the same as ordinary metals, but may be readily and completely removed by drilling and the cuttings circulated out of the hole by the drilling fluid. Casing, screen pipe, tubing and packers are principal items made of "Securaloy" and their use allows increased flexibility in oil well completion methods because of their easy removal.

Future oil production will come from deeper wells. As wells are drilled deeper, more and more bits are required. Security knows drilling and production requirements at first hand and closely follows the engineering advances to meet changing

drilling requirements. Experimental work is now being conducted with several new products which show promise of becoming outstanding tools in their

Security will make a substantial contribution to the overall Dresser picture by providing subsurface drilling and production equipment to round out our service to oil production.



A Squarity reaser and rock bit combination in drilling

### The Stacey Bros. Gas Construction Company

CINCINNATI, OHIO

Stacey Bros. has built most of the large gas holders that you see on the skylines
of our metropolitan areas.

Stacey Bros. specializes in the development and construction of particular types of equipment for the gas, chemical, refining and processing industries—gas holders, tanks, purifiers, condensers, scrubbers, and other steel products.

A new engineering service office is being opened by Stacey Bros. to enlarge its opportunities in the gas industry. Through this office customers in the field of gas may gain the full benefit of all the facilities, experience and related products of all the member Dresser companies.

Stacey Bros. is offering to the trade new developments, including improved design and construction of propane-air and butane-air installations and natural gas storage plants designed to enable gas companies to have at their command ample reserves for handling peak loads for residential or industrial purposes as part of its new engineering service.

Current Stacey Bros. orders include the building of a large propane-air plant of ten million cu. ft. per hour capacity in Massachusetts, and a five million cu. ft. gas holder in California. This gas holder when completed will be the largest all-welded wet seal type in the United States.



A Stacey Reus, gas holder in Michigan approximately 25 stories high holding 10.000.000 cm, ft. of gan,

### Yan der Heist Corporation of America

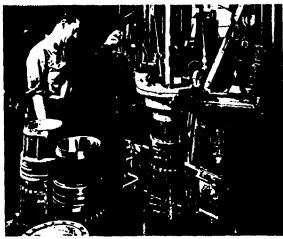
OLEAN, N. Y.

 Van der Hirst was founded upon the development of a new pateries, process for applying potents chromium to cylinder walls and wearing surfaces.

Because of its importance in war productions an importance which was realized perhaps rather late in the war—Van der Horst suffered from war can such as more extremely man did any of the other Dresser companies.

The Van der Horst process appears to have interesting long-term to cantalities, and acceptance by both engine builders and engine users is being game in Promising progress is also being made in the application of porous chromium to a aminum. Time has been two short, in the present reconversion program, to have the process immediately a cepted on a large scale for postwar volume.

In spite of this fact, it is expected that Van der Horst will be among Dresser's profitable operations for 1946. The full realization of the possible of this company's "Porus-Krome" process, however, remains for future years.



A shinders been honed after "Porticiberons" has been applied for longer extender life by the ban der Hosst grows.



DRESSER
INDUSTRIES, INC.

TERMINAL TOWER
CLEVELAND 13, OH10

### Executive Offices

It is the function of the Dresser executive offices in Cleveland, representing the common ownership of the member companies, to supplement and coordinate the operations of these companies on behalf of the progress and profits of the group as a whole.

Dresser Industries, Inc. personnel and facilities provide general guidance on policies, financial assistance, and specialized aid in all phases of business; develop advantageous reciprocal arrangements between member companies; and stimulate inventiveness and forward vision with respect to new products, processes and marketing.

The executive offices represent in effect a clearing house for major problems of member companies, with each company gaining from the experience of the others.

### OFFICERS

H. N. MALLON

JOHN B. O'CONNOR

C. PAUL CLARK

LYLE C. HARVEY

ARTHUR R. WEIS

RUDOLPH E. REIMER Secretary and Treasurer

AUGUST F. WITTHINRICH
Anistent Secretary and Assistant Trensurer

JAMES F. SIMPSON Amintant Secretary

L. PARKS SHIPLEY
Assistant Secretary

Executive Committee
PRESCOTT S. BUSH
H. N. MALLON
WHLIAM A. MCAFEE
JOHN B. O'CONNOR

### DIBECTORS

PRESCOTT S. BUSH
Partner, Brown Brothers Harriman & Co., New York, N. Y.

NORMAN CHANDLER
President and General Manager, Los Angeles Times
Los Angeles, Calif.

C. PAUL CLARK
President, Clark Bres. Co., Inc., Olean, N. Y.

WILLIAM V. GRIFFIN Chairman, Brudy Security and Realty Corp., New York, N. Y.

LYLE C. HARVEY
President, Bryant Heater Company, Caceland, Ohio

OSCAR M. HAVEKOTTE
President, Instrumental Development Co.
Columbus, Ohio

H. N. MALLON
President, Dresser Industries, Inc.,
Cleveland, Ohio

WILLIAM A. MC AFEE.
McAfee. Gramman, Hanning, Neucomer and Hailett,
Cleveland, Ohio

JOHN B. O'CONNOR Executive Fire President, Dresser Industries. Inc., Cleveland, Ohio

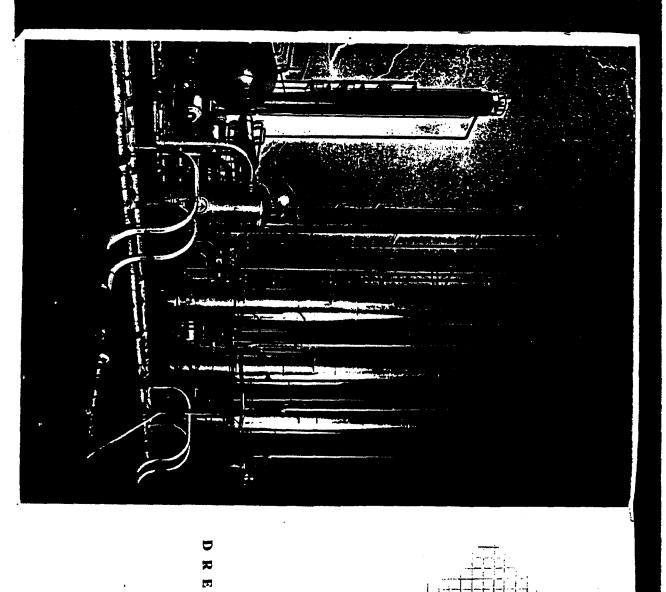
GEORGE L. OHRSTROM
Pariner, G. L. Ohrstrom & Co., New York, N. Y.

ARTHER R. W. ElS. President, Paris, Pumps, Inc., Hunsington Paris, Calif.

### ANNUAL REPORT

OBSEE NO.

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## TO THE SHAREHOLDERS OF

INDUSTRIES.

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for the fiscal year ended October Thirty first



### Dresser Industries, Inc.

A GROUP OF COMPANIES UNDER

A COMMON OWNERSHIP....

### Percet Corporations

Duessen Industries, Inc. Cloudend, Ohio

Member Operating Compunions

BOYAIRD & SEYFARG MANUFACTURING COMPANY

Bradford, Pa.—Founded 1891

BRYANT HEATER COMPANY Cloveland, Ohio and Tyler, Texas—Founded 1908

CLARE BROS. Co., INC. Olean, N. Y .- Founded 1880

DAY & NIGHT MANUFACTURING COMPANY Monrovia, Calif.—Founded 1909

DRESSER MANUFACTURING DIVISION Bradford, Pu.—Founded 1880

DRESSER MANUFACTURING COMPANY, LIMITED Toronto, Ont., Canada—Founded 1931

INTERNATIONAL DERRICK AND EQUIPMENT COMPANY Columbus, Marietta and Delascare, Ohio; Beaumont, Texas; Torrance, Cal.—Founded 1920

Kone, Inc.
Huntington Park, Calif.—Founded 1923

Pacific Pumps, Inc.
Huntington Park, Calif.—Founded 1923

PAYNE FURNACE COMPANY

Beverly Hills, Calif.-Founded 1915

ROOTS-CONNERSVILLE BLOWER CORPORATION Connersville, Ind.—Founded 1854

SECURITY ENGINEERING Co., INC. Whittier, Calif.—Founded 1931

THE STACEY BROS. GAS CONSTRUCTION COMPANY Cincinnati, Ohio-Founded 1915

### Notice to Shareholders

This Annual Report is furnished you in advance of ourrequest for proxies. A proxy statement and form of proxy will be forwarded by the Company to each shareholder on or about January 14, 1947.

### Financial Highlights

FOR THE YEAR ENDED OCTOBER 31, 1946

Net Sales	\$54,783,188
Net Profit	\$1,037,235
Earnings per common share	\$ .74
Backlog (unfilled orders)	\$66,894,000
Working Capital	\$14,853,451
Property, Plant and Equipment (net)	\$9,877,256
Net Worth (capital stock and surplus)	\$26,140,259
Payroll (wages and salaries—all employees)	\$18,570,087
Common stock outstanding (shares)	1,095,137
Number of Employees	6,882
Number of Common Shareholders	5,196
Number of Preferred Shareholders	191



## **President's** Letter

## TO DRESSER SHAREHOLDERS



January 8, 1917

### To the Shareholdere

Dresser Industries, Inc. earned a net profit of \$1,037,235 on net sales of \$51,783,188, as comto these figures two important consideration pared to a net profit of \$1,921,628 on net sales of \$80,544,911 in the previous year. With respect During its fiscal year ended October 31, 1946 uld be borne in mind:

- A large share of Dresser's 1945 business was war bu
- During more than half of its 1946 facal year Dresser operated under profit killing OPA price restrictions, while at the same lation and control. ages which were common throughout all industry as a result of strikes and labor time suffering from the materials shortinrest, complicated by government regu-

strikes occurred in only three Drewer com-panies. These strikes represented a loss of 250,000 man-hours as compared to a total of chiefly to the results of strikes in supplier and 9,500,000 worked in member companies during the year, or 2.6%. In our own case, therefore, begree to strikes in Drevers, but was attributable has of production was due in a very minor In this latter connection it is of interest that

During these difficult times the demand for

During the first three quarters of our 1946 facal year our losses (unaudited and before provision for tax carry-back) totaled \$1,049,973. And yet \$52,857,000 at the end of July, 1946. \$22,862,000 at the end of Nevember, 1945 to during that same period our backlog rose from Nevertheless that is exactly what happened indeed to experience a rising backlog, and a con-tinuing net loss, at one and the same time. our products remained high. It was baffling

at prices permitting a profit. therefore able during the last quarter of our facal year to produce and ship in large volume. However, the situation gradually improved until by July materials had again become available in fair supply—and coincident therewith came decoutrol of prices by OPA. We were

to 32% of the sales total for the entire year. of \$4,057,584 contract terminations, amounted fourth quarter totaling \$17,385,783, exclusive \$3,091,182 in February: and sales for the as contrasted to our lowest monthly total of Sales for October of 1916 totaled \$6,628.277

for the fiscal year cooled thetoher 31, 1916. Two leaves and account for our final profit almosing shipments and price decouted were in and of themselves not sufficient to wipe out earlier However, in the last quarter the upturn in

> nature, entered importantly into the picture other factors, which were of a non-recurring

- 1. Net gain of \$205,103 realized from the Corporation of America and Gulf Plains sale of investments in Van der Horst
- Tax carry-backs, whereby, under our obtain refunds of \$837,000. Federal tax laws, we were enabled to

of progress and accomplishment latter comparison is naturally a better measure but also to its prewar performance, since the in comparing Dresser's first year of postwar per-As a sharebolder, you are naturally interested ince not only to its wartime performance.

recurity Engineering Co... Inc.

cluded only a portion of its present member companies. Many of them were added during November 1, 1945. the war years, and one—Security Engineering Co., Inc.—joined the Dresser family on Prewar, however. Dresser Industries, Inc. in-

have in this report reconstructed past perform-In order to tell the full story, therefore, we

> last ten years. ance of all present member Dresser companies, as if they had been member, of Dresser for the

panies were acquired in the fiscal year shown: Co., Inc., Bryant Heater Company, and Dresser Manufacturing Company, Ltd. Other com-Dresser Manufacturing Division, Clark Brow In 1937 Dresser operations included only the

Pacific Pumps, Inc.
Buraird & Seyfong Manufacturing Company
Boots-Connersville Blower Curporation Payne Furnace (Jempan) Day & Night Maguilacturing (Jempan) tecry Brea. Gas Cassurar onal Derrick and Equipment Company.

orange actions of the vertical bars alsow the net earnings of Dresser Industries, Inc. from added to the orange bars show what the earnings totals would have been in case all coun-Dresser family. This method makes it possible had, for the last ten years, been members of the 1937 to 1916. inclusive. vanies now members of Dresser Industries, Inc. In the act profit chart on this page, the The white sections

NET PROFIT

\$3,560,000 1937 - 1946

Orange — Consolidated earnings of Dresore Industries, Inc. White—Pre-orquisisis earnings of secundar composite.

\$1,900,000

\$1,300,000

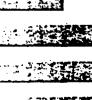
\$1,000,000

1300,000

1937

1938 1939 1940 





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Calendar years ended December 3! (18 menths saded

Fiscal years ended October 31

to compare the postwar earnings record of all of these companies with their present earnings recurd, on a group basis. In order still further to simplify statistical of ten-year figures covering operations of Dresser member companies. The lighter figures Inc.: the darker figures below them tell what panies concerned had been members of the comparisons, there is abown on the right a table are the actual figures for Dresser Industries, the totals would have been, if all of the com-Dresser group for the last ten years.

The earnings chart on the previous page, bowever, and the table to the right, are not sufficient to make the proper comparisons ness of these companies, and their postwar peace-time volume. The chart at the lower right clarifies such comparisons. This chart shows the total sales volume of all companies now Dresser members, over the last ten years, with war business differentiated from pracebetween the prewar peace-time volume of busi-

panies, operating as a group in one family, to increase their peace-time volume abore what It reflects the extent to which Dreser's diversification is enabling the Dresser comit was in prewar years when many of them progress in research, development and pruduct were operating as separate companies.

## Property, Plant and Equipment

In 1946 Dresser expended \$3.034,030 in plant modernization and increased productive capea-ity. New machine tools and other cost-taxing production equipment installed in our plants producing machinery and supplies for the oil. gas and other industries accounted for the major share of such expenditures. The remainder represented chiefly new facilities for our companies producing gas appliamers, including the equipping of the new plant at Tyler. Texas,

show the net additions to property, plant and equipment made by Dresser Industries, Inc. through the last ten years; and the white addi-In the chart on Page 10 the acongr bars

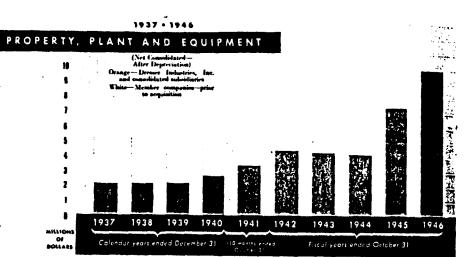
## 10-VEAR FINANCIAL SUMMARY Light figure petinin to Dever Industries, Inc. and Consolidated Scholistics. Under figure include to the Consolidate in the Communities without record to date of pressions.

		.5	rlande Toxasha s	# Jersel # 1	ember compa	nere without	include tatala of all process member companies without regard to date of arquisition	of arquisation	_	
	4161	34	1161	1917	1942	161	34.61	1939	1638	1937
Net sales (Note A)	£51,783,186 \$4,783,186	880,544,911 88,285,38	\$51,976,673 \$8,626,889	858.591,109 86.878,388	789,346,847 81,687,789	\$11,777,340 28,866,193	880,545,010 56,545,010 56,545,010 60,555,000 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010 60,555,010	4 6,912,362 17,337,818	8 5.705,615 16.700,782	8 6.231,091 20,685,721
Profit before taxes on income (Note 4)	1,006,303	1.006.303 8 8,541,202.1	8 5,550,661 8,100,189	\$ 6379.115 10.000.770	15,550,561 & 6.379,115 & 1,150,596 8 8,100,189 10.444,774 0,679,146	\$ 2,085,786 6,286,886	•	880,110,1 875,882,1 860,500,5	1,011,066	8 3/49,284 8.282,889
Taxes on income (Note A)	30,932*8	4 6.271,574 0,007,380	8 3,973,589 6,836,884	1.705.295	4 2,533,111 4,968,736	\$ 1,047,568 2,663,661	0.03378 6.271,574 0.3475,500 0.175,205 0.2533,111 0.1,017,560 0.0325 0.115,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.05,00 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0325 0.0	346,346	1 190,44 1	4 132,183
Net profit (Notes A and B)	\$ 1,037,235 1,637,235	829'126'1 8 1,924,628	\$ 1,575,075 2,535,965	1.401.29 1.401.40	\$ 1,597,155 2,362,810	\$ 948,138 2,107,007	002.01 6 212.01.0 8 61.000 8 521.702.0 8 02.802.0 670.872.0 802.02.0 802.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.02.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082.0 082	1 TH 250 4	•••	35,785 8 377,185 727,526 8,684,564
Working capital	11,653,451 14,863,481	817,222,387 17,843,432	\$ 6,415,927 11,000,000	11,653,151 817,222,387 8 6,115,927 8 5,733,669 8 14,863,681 17,643,432 11,878,875 19,089,623	8 5,006,583 8,813,484	5,006,583 \$ 3,637,865 8,813,484 8,344,348	11,853,451 817,222,387 8 6,45,957 8 5,23,569 8 5,006,583 8 3,437,865 8 2,306,575 8 2,339,708 8 1,832,640 8 1978,323 14,883,681 17,843,482 11,879,875 19,889,633 8,431,464 8,364,388 8,886,460 8,681,615 8,581,306 8,482,661	\$ 2,339,704 6,661,618	1 1.152.610 6.100.006	6.1,978,323 6.612,661
Property, plant and equipment (net)	4 9.877.256 885,778,8	6 7,511,531 6,167,363	8 4,131,796 8,362,781	8 1311,883 0.000,310	8 4,153,298 8,636,831	8 3,415,176 8,388,386	111726 - 121731 - 121776 - 121726 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 - 1217276 -	8 2,141,951 8,884,018	6.5.112,390	6.246,111 6.346,567
Expenditures for property, plant and equipment	# 3,031,000 # 3,834,888	1,173,000	\$ 661,000 1,886,888,1	1,271,600	\$ 1,130,000 1,762,000	\$ 913,000 1,848,888	11/1/200 8 441/200 8 661/200 8 661/200 8 941/200 0 941/200 8 644/200 8 777/200 8 146/200 8 777/200 8 146/200 8 777/200 8 146/200 8 777/200 8 146/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8 1/20/200 8	4 277,000 622,530	114,000	8 163,000 733,000
Net worth (capital stock and earplus)	256,140,259 26,140,259	\$21,945,273 \$8,884,464	811,241,195 88,688,68	1 1 4 AC. EU.	8 8,543,751 16,548,167	8 6,611,797 13,712,868	106,156,196,273 811,211,195 8 9 543,751 8 6,611,757 8 5,926,182 8 15,526,18 11,251,08 11,251,08 8 15,55,108 10, 101,100,200 101,100, 100,100,101 101,101,101,101,	6 1,513,180 11,280,880	\$ 1,345,163 10,516,667	1,355,300
Book value per common share (Note C)	31 . 42 10 . 62	\$17.85 17.85	316.96 18.31	21.15 26.38	\$12.75 14.15	\$ 9.87 12.62	***	10.00	F. 3	6 1.26 8.10
Earnings per common share (Note C)	7. *	1.1	2 2 2 3	11 11 11 11 11 11 11 11 11 11 11 11 11	3.3	8 1.40 1.80	\$ 1.76 1.80	1.125	* *	3 2
Dividends per common share (New C)	<b>9</b>	8 1.40	1.60	# 18:3	\$29"	3; •	<b>8</b> 1.8	375	١	\$2.
	Annual Parkets of Spaces of Spaces of San	Madicates and Algoria. Nam d.— Berinad to reflect front recognitions writing Nam dis-Net goods for 1945 reflects provided for any reflect of distance in manufaction for ever- Nam of Confidence in the distance of a second parameters.	resegnitation or ere gravitates for melly tenerate.	theorem and ref	de dividendo to	Indicates and Appare.  May of —Barried to wheth their interpretation withouts and parties adjustments under in subsequent treat.  May D—Wat death for 1984 referre provides for recognitions and dividends to minerity lateratic or people and —Barried to minerity lateratic and profit and —Barried to take of divident to minerity lateratic and profit and —Barried to take of process common and.	Tadians vid Agents. M. of Deliver in refer food proposition without and implies deliverable and in reducement years. M. of Deliverable in refer food proposition for proceedings and dividends to minostry interest; or profes for year 1817-1811, unfanors, darks Eguern with) M. of the children in the difference of the composition and dividends to minostry interest; ort profes for year 1817-1811, unfanors, darks Eguern with) M. of Adelson deliverable in the difference of the composition and dividends to the composition and difference of the composit	yeer 1847: 1844	artenn. Erk	e fgur mady)
The state of the s	A D-La the	den e Summery. se been mede te	1911 roughs for adjust for fores	Drewer Industria	s, Inc. and Con-	Aduce Subsidie	ing D—Is the above Suppose), 1911 results for Derson Industrias, Inc. and Consuduated Subsidiation are for the sea mounts coded (Fricher 3), 1911. Use as also beneated to object for the foreign provide of member resupposes, prim to association, which full manages of old and resources to object foreign to fall said.	o manufacturated	Ortober 31, 191	Un train

NET SALES Sales—sessaing all persent member empanies had been past of Decore. Orange—Civilian Inniness White—War Insiness 1937 - 1946

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1941 1942 1943 1944 1945 1946 Fiscal years ended October 31 -1,3 2, 3. Calendor years ended December 31 110 months sided 1940 1939 1938 S 1937



tions to these vertical bars show what the totals would have been in case all companies now members of Dresser had been members for the last ten years. These reconstructed totals, therefore, make possible comparisons is relationship to prewar, war, and postwar years, on a thoroughly realistic basis.

### Working Capital

As we approached the third quarter of the past fiscal year, the prospect of the sudden upturn in volume of production and sales, on top of losses previously experienced, indicated a need for additional cash in the business. The situation was further emphasized by growing inventories which had inevitably resulted from the unbalanced materials situation, and the expenditures for additions to property, plant and equipment above described.

As a temporary solution Dresser Industries, Inc. nepotiated short-term bank hans of \$7,000,000. Such short-term bans furthermore permitted the retirement of the remaining unpaid balance of V type bans. It is now proposed to convert these shortterm loans into long-term indebtedness repayable over a ten-year period. A summary of the terms and conditions of the term loan will be set forth in a proxy statement which will be smalled shortly to all Dresser Shareholders. Approval of the plan will be asked at the Annual Meeting of Shareholders to be held in Cleveland on March 17, 1947.

### Capital Changes

As of October 31, 1945, there were 2,400,000 Common Shares authorized, of which 1,060,059 were issued and outstanding. As of November 1, 1945, 35,078 of the unissued Common Shares were utilized for the purchase of Security Engineering Co., Inc. This raised the total of issued and outstanding shares to 1,095,137.

During the year, in accordance with the terms of its Preferred issue, the company bought and retired 600 shares, leaving a remainder of 50,100 shares of Preferred outstanding as of October 31, 1946.

On February 1, 1946, the Roots-Connersville

6% Cumulative Preferred Stock, of which \$800,000 was then out-tanding in the hands of the public, was retired.

### Disposal of Capital Assets

The sale of Dresser's one-half interest in the Van der Horst Corporation of America to Hendrik Van der Horst, owner of the other half, consummated early this Fall, produced little balance sheet change, since Dresser's interest in Van der Horst was shown as an investment in securities at the cost price to Dresser. Under the terms of the sale, Clark Brus, retains the right to the continuing use of the Van der Horst patented process of porous chrome plating, thus perpetuating all the besefits that formed the purpose of the original Van der Horst agreement. Dresser's half interest, for which Dresser paid \$30,000, was sold for \$210,000, producing a net profit after expital gains tax of \$134,978.

In 1935 Dresser acquired 250 shares of Gulf Plains Corporation common stock at \$1.00 per share. This year we disposed of the stock at a price of \$375 per share which showed a net profit after taxes of \$70,125.

### Dividende

A quarterly dividend of \$.30 per share was paid on the outstanding common stock of the Company in December. 1915. No further common dividends were declared during the fiscal year under review. Dividends on the preferred stock of \$.9375 per share quarterly were paid in December. March, June, and Sentember.

### Backle

The following backlog figures must be viewed in the light of the particular circumstances which prevailed during 1946, and are of import chiefly as a broad indication of future prosibilities.

•	Sulve	I afilled thedres at Marth-and	
November, 1915	23, 149,td <b>4</b>	422,8662,6661	
levember.	3,382,838	25,239,000	
January , 1916	3,012,240	28,824,000	
February	3,091,182	32,987,000	
March	1.578,003	M. CAMPONIA	

April.	3,94,975	M1-21-2 (MIR)
May	3,923,582	45,741,000
June	3,878,193	M.EKS,IMI
July	4,336,293	52.857,000
August	5.218.365	\$5,132,000
September	5,538,941	43.178,000
Octuber	6,628,277	66,891,000

The question naturally arises—Why the consistently increasing backlog figures?

The answer to this question lies in considerations far deeper than those having to do with current unfilled demand.

The fact is that there are broad developments going on in the gas and oil industries—the fields in which Dresser member companies are chiefly interested—that are destined to have a profound hearing upon the future of our company.

The limits of this letter permit only a brief indication of some of these possibilities. Outstanding among them, however, are the following:

- 1. Plants are now being built to convert natural gas, of which there is a large surplus in some areas of the country, into gasoline. Dresser is today selling equipment for this successful development. Furthermore, the processes used by these plants are adaptable to an improved method of manufacturing city gas from cual and to the manufacture of gasoline from coal, in case such necessity should ever arise in this country.
- 2. The use of natural gas, already stimulated by consumer preference on grounds of cost, cleanliness and convenience, has been given an additional impetus as a result of the cost strikes of the pact year and further threatened shut-dosons in the future. Projects call for the extension of gas into many fields never serviced before, and housing plans contemplate the use of gas rather than cost to an ever-greater extent. Equipment manufactured by Dresser companies serving the gas in dustry will help to facilitate the supply

of natural gas; while at the same time appliances provided by the Dresser companies concerned with the utilization of gas will be sold in increasing quantities.

3. Dresser has been making progress along certain specialized engineering lines to encourage and contribute to the wider use of Dresser products in new fields and to sponsor the over-all design and supervision of projects that formerly were beyond the scope of Dresser operations. This engineering and consulting service for the gas industry has gotten off to a good start, with engineering contracts exceeding \$2,500,000 for the past year. This in turn broadens the markets for Pacific pumps, Bry authoilers, Clark compressors, Ideco equipment, Dresser couplings. Roots-Connersville meters, Starey piping, and other Dresser products.

The extent to which the potentialities above suggested may be realized during the coming year will depend to a major extent upon the general trend of economic events. Their eventual import, however, is clearly indicated by the following sections of this report.

### Drosser Fields and Preducts

Each year, for the benefit particularly of new shareholders, we endeavor in our annual report to summarize the fields in which Dresser operates, and the products made by Dresser member companies; but to make even a proper start in this direction, within the limitations of these pages, is difficult.

Because we serve the oil and gas industries "all along the line" (and other industries to varying degrees) the range of Dresser products is indeed extensive.

Some, such as water heaters and steam boilers, are readily understood by the layman; but others, such as centrifugal exhausters, reversing heat exchangers, inert gas generators, or angle compressors, are so highly technical as to defy description except in terms that only the engineer can comprehend. A list of principal products made by Dresser companies appears on pages 30 and 31 of this report.

Another interesting classification of Dresser operations is this:

Ten of our member companies sell their products chiefly to manufacturers. This group makes, in the main, apparatus, machines and devices that function in connection with the production, transportation, refining, and supply of petroleum and natural gas; furnishing equipment also to other industries, wherever it is applicable.

Three of our member companies sell their products chiefly to the general public. This group makes gas heating appliances for use by the consumers of natural, manufactured and hottled gas.

In the latter portion of this report appears a summary of the "product progress" made by these two groups during the previous year.

### Drawer's Pastin

Dresser's spread of activities places the company in an advantageous position for the following reasons:

All signs point toward an expanding production and utilization of petroleum, natural gas and allied products, the world over.

Dresser's future is not confined to, nor dependent upon, any one phase of such development. Dresser stands ready to benefit on an over-all basis from new engineering, technical and equipment demands that will result from such tread.

In my opinion, never was your company so well prepared in products and engineering knowhow to take full advantage of the opportunities of tomorrow.

Respectfully submitted,

Al(Mallon

Cleveland, Ohio January 8, 1917

### Consolidated Statements of Profit and Loss DRESSER INDUSTRIES INC. AND CONSOLIDATED SUBSIDIARIES

YEARS ENDED OCTOBER 31, 1916 AND OCTOBER 31, 1915

	Year	Ended
	Oct. 31, 1946	Oct. 31, 1945
Net Sales	\$54,783,188	11,911
Cost of Goom Soca	44,513,768	63.649,275
Gasse Pagert	\$10,269,120	\$16,855,636
SELLING, ENGINEERING, GENERAL AND ADMINISTRATIVE EXPENSES	4,734,239	8,102,727
Operating Propert (New D)	\$ 533,181	8 8,752,909
Ornan Income		
Interest estraed	8 74,793	\$ 27,495
Profit on sale of securities (includes affiliated company)	274,395	636
Profit on disposal of depreciable sasets (net)	153,457	6,146
Minrelleneous	117,900	89,580
	8 650,515	\$ 173,877
	\$ 1,183,726	8 8,926,786
Отная Вавистюна	•	
Interest expense	\$ 130,232	\$ 366,200
Miscellaneous	47,191	19,384
	8 177,423	8 385.584
PROFIT BRIGAR TAXES ON INCOME, TAX CREMETS, PROVISION FOR REMINOSTRATION, AND MINORITY INTEREST	\$ 1,006,303	\$ 8.511,202
TAXES ON INCOME AND TAX CAMPETS (estimated)		
Provision for the year Fuderal nerveel income tax and partex	\$ 761,000	4 729,016
Federal excess profits tax		3413.000
Catedian and state income taxes		11.250
* Refundable taxes on income of prior years origing from carry-back of		
operating losses and moused excess profits tax credits	*000,788	115,000
	\$ 10,100	8 6,300,250
Adjustments for prior years (net)		28.676
TOTAL TAXES ON INCOME		9 6.271.374
PROFIT BRIORS PROVISION FOR BUNECOTIATION AND MINORITY INTEREST	\$ 1,037,235	8 2.269,628
PROVISION FOR RENEGSTRATION MESSAGE (Note 2)		360,000
PROPET BEPURE MINORITY INTERRET.  DIVINGNOS DY PREFEREN STOCK OF STREETS CONSOCIRATED	8 1,037,235	\$ 1,969,628
Hate by Managery Interest.		88.(HA)
NET PROFIT.	8 1,017,235	8 1.421.628
*ladicates red figures. See quien to financial statements.	The state	

### ACCOUNTANTS' REPORT OF EXAMINATION

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Chresbond, Ohio.

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guantances and included all percedures which we considered

necessary. In our approach, the accompanient believe where and related sections to disposite and has and supplies section for the combination of principal disposition. The combination of principal disposition for all of the exception of the combination of the

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### Consolidated Balance Sheets October 31, 1946 and October 31, 1945

DRESSER INDUSTRIES, INC. AND CONSOLIDATED SUBSIDIARIES

ASSETS

LIABILITIES, CAPITAL STOCK, AND SURPLUS

				EINBILITIES, CAPITA	L SIUCK, ANI
CUMBERT ASSETS	Oct. 31, 1946	Oa. 31, 1945			
U.S. Transport Nature To Science				CUMBERT LIABILITIES	_
	3 2,800,513	8 8,174,254		Notes payable	
PROCESS AND AN INCOME.				To beaks (unsecured)	
A CONTRACTOR		1,170,361		To banks (Regulation V type loans to subsidiaries	
Trade nates and accrued interest	8 155,266		•	Other (unsecured)	
erner ecreents.		\$ 303,373			
Other	591.637	6,711,063		Accounts payable (includes estimated liability for a	renegutiation refunds)
				(Nate B)	
Loss reserves.	\$ 8,757,854	8 7,044,436		Liabilities arising in connection with terminated war	contracts
The second secon	325,014	459,417		Accrued	
C	8 8.432.840	8 6383.019		Salaries, wages, and commissions	
Claims and charges in connection with terminated war contracts-prin-	* 4,452,647	1 0,385,019		Taxes, interest, rent, etc.	
CLPSSY & Manufacty cost		4,916,733			
Collegian republished taxes as manage of names account a		4,714,133		Parland and and Complete and at	
				Federal, state, and Canadian taxes on income (estim	
	631,500			Less U. S. Treasury Notes—Tax Series—applied	
		540,910			
INVENIONOS OF INICIPAL COST CONTRACTOR ASSESSMENT ASSES		340,710		Total current liabilities (Nate A)	
	8 4,836,936	8 3,015,450			
AN-PROCESS STORMACLE And marks	8,003,196	5.869.153		MINORITY INTEREST IN PREFERENCE STOCK OF CONSOLE	
Raw materials and supplies	5,657,648		•	Roots-Connersville Blower Corporation—8,000 sha accrued dividends (redeemable at \$102.00 s share)	res at per value and
		4,038,826		CAPITAL STOCK AND SERVICES (Notes A and C)	
Loss advance payments from customers on contracts	\$18,496,000	\$12,923,729		Capital stock	
totalent or constitute or contracts		179,061		Authorized	
	\$18,496,080	812,741,668			
Total current sesets (Note A)				120,000 shares preferred (par value \$100.00 a shares common (par value 500 a share) of whic	share) and 2,100,000
INVESTMENTS AND OTHER ASSETS	\$30,429,063	83 L 13 1,9 LS		reserved for conversion of preferred	# 130,000 onetes were
INVESTMENTS AND UTHER ASSETS				Outstanding	
Investments in affiliated and other companies	\$ 75.000	\$ 108,525		Preferred Stock (Cumulative) 3140 Series (	Consessible active to
		• 108,525		September 15, 1955: redeemable at \$107.50	s share to Seutember
				15, 1950; and at reducing prices thereafter t	to \$101.00 after Sen.
	715,419	***		tember 15, 1955) 59, bb) shares at October	31. 1946 and 60.000
Miscellaneous receivables, etc., less reverve	319,037	575.046		shares at October 31, 1945	
Total investments and other assets.		235,858		Common stock -1,095.137 shares at October 31	, 1946, and 1,060,059
The same of the sa	\$ 1,109,156	\$ 919,129		charce at October 31, 1945	
PROPERTY, PLANT, AND EQUIPMENT—major portion at cost less reserves for					
				Surplus	
Land and land improvements.	8 783.315			Capital surplus	
and the contract of the contra	4.102.913	8 725,536		Earned surplus	
PIGCHINGTY And equipment ate	13,564,330	3,729,929			
		10,782,863			
Less reserves for depreciation	\$18, L50,598	\$15,238,344		Total capital stock and surplus	
	8,573,342	7.927.017		TOTAL	
Emergency facilities	8 9.877.256	8 7311331			
Land and but the	• -,,	0			JAL STATEMENTS
Land and land improvements, buildings, machinery and equipment.	8 2.357.335	8 2.4W,762		Note: 6-43n November 15, 1940, the Corporation entered into an agreement with reversi banks for the Instrument, on or before	meeting on March 17, 1917)
Less reserves for amortitation	2.357.335	2,440,762		May 1, 1997, of the sacresate amount of factor title timer has	ness up to the emount of \$7.5 Board of Overture may det
				terresped to 37, day state to be evidenced by majes bearing servered at yearing reter and meturing in in-telligrate of yearing an in-	Nor N Bearginistina pr
Total property—net				from December 1, 1947, to December 1, 1916. Proposed from thes.	and substitutes (se constitu
PATENTE	8 9,877,256	\$ 7,311,331		has will be applied in parment of oursest bean from banks. I note the terms of the agreement the Lotporation has agreed,	enmplesed and settled throng princerdings for the year end
		1		among other things, that after the motor are outstanding; with- out the prior uniter comment of oach bank. I is will not premit	duried with the I' 4 Nove
Dermanes Chances	•	•		runnibilated are current assets to be been then \$1, and that	hannes marraness of the
Prepaid insurance, deferred taxes, etc.	****			(2) it will not redeem, retire, purchase or acquire give of its mut- standing stock, except as required by the terms of its Perfected	hourser, the net protocous sedered more than adequa
	300,095	304,125		Ninh, and nall mit derlate itt par ant diridend tiebes than diridende parable in einho id the t appearance of after ground	Security Engineering Co., 1
Toru	841,715,871	\$12,466,631			made in the accompaning
See motes to financial statements.				entplus would be reduced below \$ 1,444 449. The agreement alm- customs certain restrictions relative to biane and advances office	comiting thereform to refu
				Indiabance de la codate tem note de fare que se de la constant	Name of the address to a
14				tion reprete to present in the shorth-librer at the mest annual	second of the Preferred State

Oct. 31, 1946

\$ 7,000,000

75,000 8 7,075,000

5,357,594

\$ 865,761

8 1,692,990

8 1,150,028

\$ 1,150,028

\$15,375,612

8 5,940,000 517,568

8 6, IBT, SAR

\$12,529,831

\$19,652,691

\$26,110,259

\$11,715.871

7,131,840

867.229

Ont. 31, 1945

6,572,190

8 6572.190

8 1,003,063

11.00.551

# 6.377.470 3.3/2.935

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8 0.331,1130

\$11,739,097

\$18.413.243

12445.273

\$42,900,831

0.074.146

34,888

4,751,628 65LnSI

Note 6. In addition to certain other requirements for per-sension of the Preferred Stant. Park, Series require that an issue

### Consolidated Statements of Surplus DRESSER INDUSTRIES INC. AND CONSOLIDATED SUBSIDIARIES

YEARS ENDED OCTOBER 31, 1916 AND OCTOBER 31. 1915

	Year	Ended
C 8	Oct. 31, 1946	Oa. 31, 1945
CAPITAL SCHPLES		
Releace at beginning of year	811.739.097	\$ 1,945,85 <u>6</u>
Exerce of act sects (as shown by books of acquired companies after subse- quent minor adjustments) over par value of capital stock issued in connection with acquisition of subsidiary appears during the year	625,042	7.318.241
Exerus of net proceeds (after deducting underwriters' commissions of \$165,000 over par value of 60,000 shares of preferred stack sold during the year.	*****	15,490
Adjustments to net seets (principally reserves and tax claims at dates of sequinition) of subsidiary companies acquired during prior year	157,712	
Excess of cost over par value of 600 shares of preferred stock purchased and canceled during the year.	1,000*	
Balance at end of year	\$12,520,851	411.739.097
EARNED SCRIPLUS	***********	
Balance at beginning of year	8 6,676,116	8 6.125.139
Add		
Net peofit for the year	1,037,235	1.921.628
Amount received from underwriters for dividends accrued from Sep- tember 15, 1945, to date of sole of 60,000 shares of preferred stock		21.230
	8 7,713,361	4 4.424.17
Deduct		
Cash dividenda paid		
On preferred stock—13.75 a share	8 225,000	
On curamen stock, per value \$1.00 a share—\$1.00 a share		453,000
Ou common stock, pur value 50c a share (1916—8.30 a share; 1915—		
8.90 a share)	328,511	954.063
A A L A C C A L A C A C A C A C A C A C	\$ 553,541	8 L.WT.M63
Accelerated amortization of cost of emergency facilities applicable to prior years, less credit for refundable federal taxes on income		<b>73.5</b> 41
Net additional charge resulting from renegotiation for prior years (1943—836,317; 1943—8194,241)		234.538
Expenses in connection with sale of 60,000 shares of preferred stock		86,919
Premium paid on retirement of preferred stock (held by minority interest) of a consolidated subsidiary	28,000	
	8 581,541	\$ 1,752.971
Balance at end of yest	6 7.131.810	
Sadirates and Agents.		

See notes to Superint statements.

NOTES TO FINANCIAL STATEMENTS-Continued

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5.5.2 (2.14); 1.37 "...memments of the Company of codempotals, and of commission will cetter, through purchase of codempotals, 2. as, and a commission of codempotals, 2. as, and a codempotal of the codempotals, 3. as, and the codempotals of the codempotals, 2.5. (2.5) Section, chosen grant to the close of the preceding found i and and converted. The possible of authorised perferred diseases as Medicals, 1.94%, includes will of authorised perferred diseases as Medicals, 1.94%, includes will consider the codempotal of the codempotal of the codempotal of the codempotal of authorised the codempotal of authorised the codempotal of authorised the codempotal of authorised to the codempotal of authorised the codempotal of authorised to the codempotal of authorised to the codempotal of the codempotal o

New De-Presidence for depreciation and associations, dedestreed about, associated in PSI, the and BLA, PLV, expensions, dedestreed about, associated in PSI, the and BLA, PLV, expensions, the During the year PSI, the Corporation and its subsidiaries about a property of the policy of the policy of the particular association of the particular and policy of the residual theoretical back horse parts effect in the 1-1 calcular associations, 17 one change of FLASI associations of supplies principles for excludable fordered state on mechanic of policy and 13 one charge of fSLASI associations of \$19.30, and 13 one charge of fSLASI association of the policy and 15 one charge of fSLASI association of the policy and the policy of the deciration of the policy of the policy of the policy of the deciration of the policy of the policy of the policy of the policy of the deciration of the policy of the policy of the policy of the policy of the deciration of the policy of the policy of the policy of the deciration of the policy of the policy of the policy of the deciration of the policy of the policy of the policy of the policy of the deciration of the policy of the deciration of the policy of the poli



### **Product Progress**

### DIL, GAS AND INDUSTRIAL EQUIPMENT GROUP OF DRESSER MEMBER COMPANIES



BOVAIRD & SEYFANG MANUFACTURING COMPANY.

CLARK BROS. Co., INC.

DRESSER MANUFACTURING DIVISION

DRESSER MANUFACTURING COMPANY, LIMITED

INTERNATIONAL DERBICK AND EQUIPMENT COMPANY

Kons, Ivc.

PACIFIC PLAPS, INC.

ROOTS-CONNERSVILLE BLOWER COMPONATION

SECURITY ENGINEERING CO., INC.

THE STACEY BROS. GAS CONSTRUCTION COMPANY

These ten member Dresser companies are builders and distributors of equipment used in the production, transportation, refining and supply of petroleum and natural gas; with their products also finding growing applications in other industries.

A variety of Dreaser equipment is used in drilling and maintaining oil wells: in the building of pipe lines and the maintenance of pumping stations; in recovery processing plants and storage tanks; and in petroleum refineries.

Similarly, an equally wide variety of Dresser equipment finds application in the drilling and maintenance of gawells; gas pipe lines and how-ter stations; gas storage facilities; manufactured gas plants and stand-by plants whereby oil or gas well products are used to supplement natural gas.

Thus, all the way from, let us say, oil and gas wells in South Texas, along pipe lines stretching eastward for hundreds of miles to refineries and gas public utilities in cities such as Columbus and Cleveland, Ohio, equipment made by Dresser companies comes into play.

### Needs of Tomorrow

However, today it is not enough merely to be accepted as a supplier. Change is swift. Competition is keen. To survive and prosper it is essential to anticipate the needs of tomorrow. Typical of such needs in the fields in which Dresser operates are the following:

- Drillers for oil today want portable drilling apparatus. In short, they want to be able literally to pack up their drilling equipment and take it from one location to another by truck and trailer.
- Wells are going deeper every day. 10,000 feet formerly was considered deep. Today in many sections drillers are aiming for at least the 15,000-ft, level. This requires drilling equipment that

has less weight but more power than ever before.

- 3. When wells no longer flow freely, it is necessary to pump out the oil. This happened in eastern shallow wells years ago. Today it is happening more and more with deep-drilled western wells. Yesterday's pumping equipment designed for shallow wells will not handle this situation. The pumping equipment of tomorrow must be able to handle deep wells.
- 4. Large new pipe lines are going to bring natural gas to thousands of American communities that never had gas before. The size and the length of these new pipe lines is going to demand a new and different type of pumping equipment.

Many such illustrations might be cited. The above, however, are sufficient to indicate the rate of change and the need for action in meeting tomorrow's market demands in the fields in which Dresser operates.

### Broader Fields

These fields are growing constantly broader. Various equipment designed for the petroleum and gas industries possesses natural applications in other industries.

For instance—in building derricks, International Derrick and Equipment Company developed a technique that is equally suitable for radio towers. Compressors made by Clark Bros. for the oil and gas industries are proving useful in foundries, nunes, and refrigeration processes. Roots-Connersville blowers perform important functions not only in gas plants but in industries ranging all the way from ateel making to sugar refining.

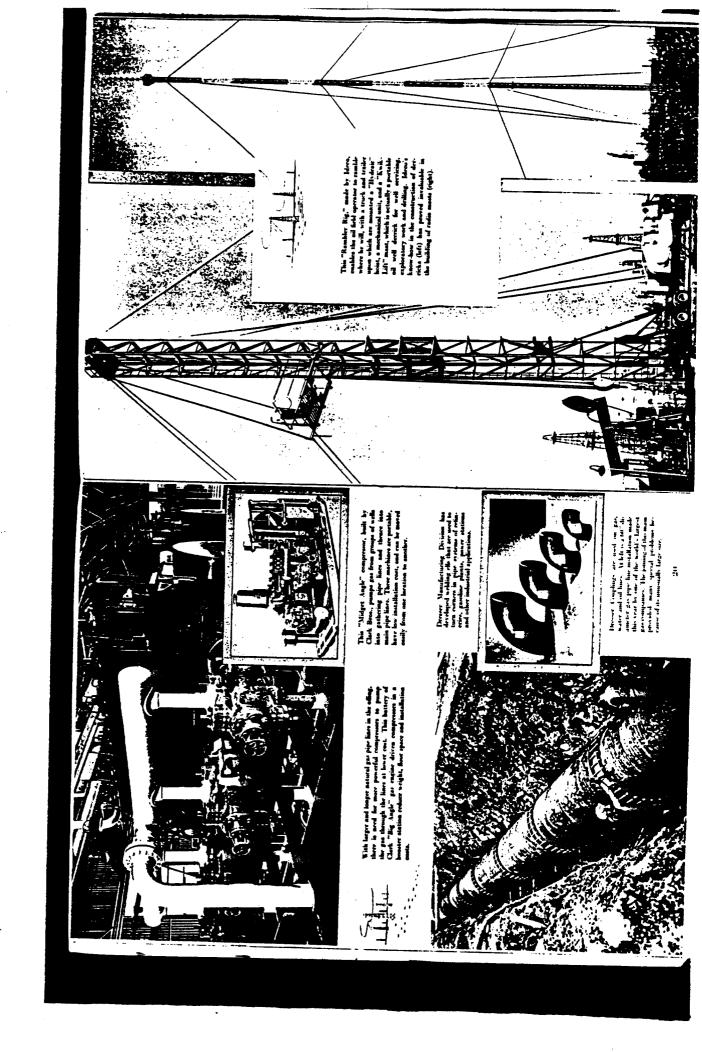
The following is only a partial list of the industries other than oil and gas which today represent growing markets for equipment manufactured by Dresser.

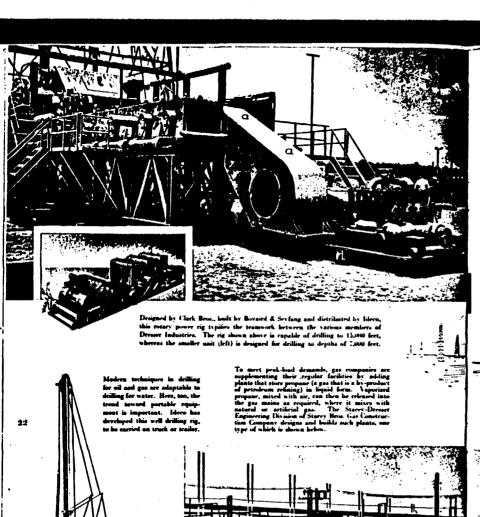
Electric power Chemicals
Mining Foods
Iron and steel Refrigeration
Water systems Sewage Disposal
Industrial building Paper
Marine power Radio
Aircraft Rubber

Fortunately, Dresser long has put major emphasis upon research, design, development, and test applications. As a result, Dresser companies are non ready with new and improved products, a few of which are shown on the following pages.



Posto Primps manufactures a wide him of equipment for petrolouin scholary and other indirected processes fact as Robert coll Primp. He Absorption 104 Primps down above is in section at a distillation of a plant.







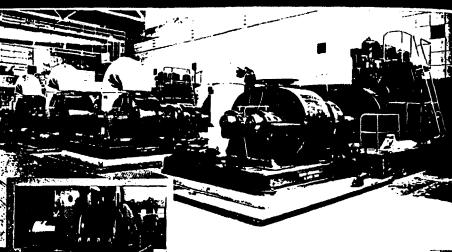
Drilling through hard each formations requires specially-huilt cutting tools such as the "rock bit" made by Sexurity Engineering Co., Inc. Under certain conditions it is preferable first to drill a small hole and then rularge it by means of a "hole opener" (above left). At the right in a Security reassor about to be lowered in the hole.



Kohe, Inc., has developed a unique oil well pumping system whereby a central plant, like the one shown below, supplies hydraulic power to pump oil from a group of nearby wells. At lower eight in a well head for a new type of Kobe pump which can be removed by deadle all from more than a mile underground—access to torning a valve?

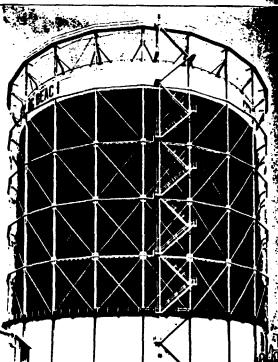


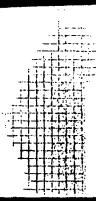




Ranto-Connerwille equipment le med to move and messaux air, gas, and liquide. Its field of application in for wider than the oil and gas industries and is constantly increasing in industries such as seed, mining, fined praccessing, and in water works, paper and cotton mills, oil refueries, gas and chemical plants. The blowers shown in the large photograph above are installed in a sewage disposal plant.

that to the great demand for the use of gar for both domestic and indicated uses, gar companion require large elecage tanks. This Starry Hero, unit, known as a net wid gas bother, has a raparity of interiors only feet.





## **Product Progress**

GAS APPLIANCE GROUP OF DRESSER MEMBER COMPANIES



BRYANT HEATER COMPANY

DAY & NIGHT MANUFACTURING COMPANY

PAYNE FURNACE COMPANY

The gas appliances made and distributed by these member companies are, for the most part, products such as space and water heaters, furnaces, boilers, etc., used in homes and in stores.

The great immediate need for these products, reflects the war-created, deferred demand. But indicated potential markets are even greater, for the following reasons:

- There is a growing preference for gas heating, due, in part, to the natural advantages of convenience and cleanliness, and in part to the rising cost of competitive fuels, such as coal and fuel oil. Recent nation-wide new building surveys indicate that over 50% of contemplated new housing will use gas heating, as compared to 15 to 20% before World War 11.
- The extension of natural gas pipe lines, increased use of propane air plants and other stand-by facilities, the greater availability of bottled

gas, and similar developments (referred to earlier in this report) are destined to bring gas heating to many areas where in the past it has been unobtainable.

Underlying the above factors there
is a broad replacement demand in
areas now served by gas, as old heating facilities wear out and new ones
must be installed.

The gas appliance group of companies is aiming toward the satisfaction of this great demand through expansion of manufacturing facilities, improved production methods, and diversity of product in order to meet varying requirements of type of use, type of building, climate, and purchasing power. The objective is to develop a full line of gas heating appliances that will be competitive wherever gas is available.

In some cases, expanded facilities have been relocated to take advantage of every possible geographic and economic factor. This is exemplified by the new plant at Tyler, Texas, where techniques of all three companies are employed to manufacture products designed to round out a complete line of gas heating equipment.

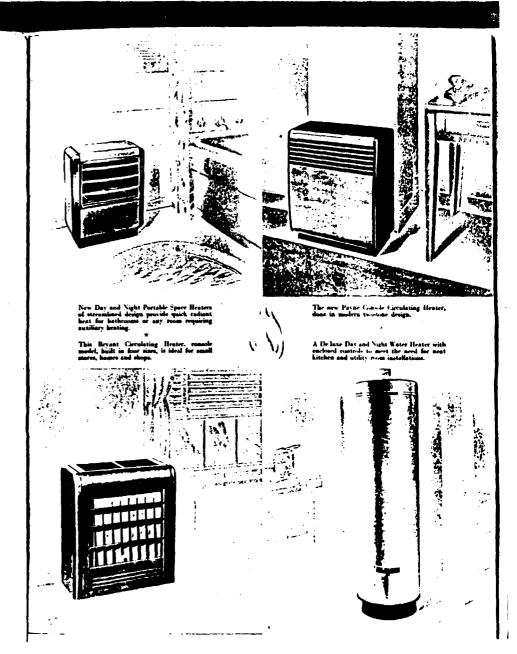
While the most pressing problem today is production of present models, the gas appliance group is pushing the development of many new products which will continue to increase the demand for gas as a residential and commercial fuel, thereby keeping pace with the forthcoming expansion of gas supply facilities.

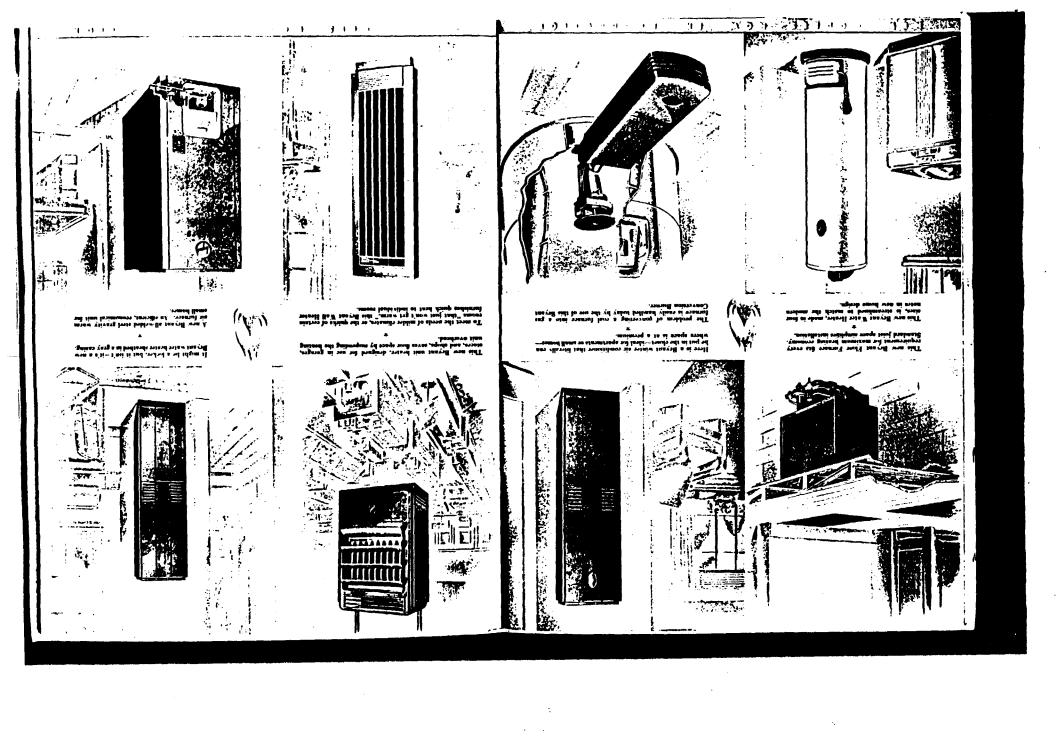
In addition, many processes and methods developed by Dresser appliance companies primarily for home heating purposes are proving of equal importance in the expanding industrial process field. A complete line of industrial combustion equipment is now being developed to meet this new market.

Present production and distribution of Bryant, Payne, and Day & Night covers more than 210 sizes of 42 different models. In addition to these established products, Bryant, Payne, and Day & Night have continued an intensive research and development program. This has resulted in the new improved models illustrated on the following three pages.



Airplane view of new plant at Tyler, Texas.





## A condensed list of Dresser Products

Air Conditioners Airport Equipment

Balls, Seats and Bits, Rock Blocks, Crown Blocks, Speed Blocks, Traveling Blower, Commercial Blower Unit Blowers, Centrifugal Blowers, Rotary Positive Boilers, Hot Water Boilers, Steam **Boltless Fittings** Booster Heaters **Buildings**, Standard Steel Burners, Conversion

Cable Tools Cages Captilover Masta Casing, Heat Treated Screen Casing Scrapers Centrifugal Blowers Centrifugal Compressors, Multi Stage Centrifugal Exhausters Centrifugal Pumpa Clamps Compressors, Balanced Opposed Electric Driven Horizontal Compressors, Big Angle Compressors, Counterflow Compressors, Electric Direct Driven Compressors, Horizontal Duplex Compressors, Midget Angle Compressors, Right Angle Compressors, Right Angle Steam-Engine Driven Console Heaters Controls, Paraffin Conversion Burners

Crown Blocks Debumidifiera Derricks Diesel Engines Draft Hoods Draw Works **Drilling Rigs, Portable** Drilling Rigs, Rotary **Drilling Tools** Drops, Seats and

Couplings, Steel

Electric Direct Driven Compressors Engines. Gas Engines, Diesel Exhausters, Centrifugal

Fishing Took Fittings, Boltless Floating Seal Flue, Heatwave Flue Pipe Forced Air Units Forgiage Furnaces Furnaces, Gravity

Gas Holders Gas Vents Generators, Inert Cas Gravel Liners, Prepacked

Heaters, Console Heaten, Bouster Heaters, Immersion Heaters, Lectro-Clo Heaters, Oil Burning Storage Heaters, Portable Heaters, Room Heaters, Storage Heaters, Unit Heaters, Water

Heaters, Wall Hoists, Hydrair Holders, Gas Hole Openers Hoods, Draft Horizontal Duplex Compressors Hydrair Hoists Hydraulic Pumping System Hydro Rotary Units

Immersion Heaters Inert Cas Generators

Jacks, Pumping Jointa

Kwik-Lift Masts

Lectro-Glo Heaters Linera, Pre-Packed Gravel Linera, Pump

Masta, Cantilever Masta, Knik-Lift Masts, Portable Masta Radio Meters, Positive Displacement Oil and Gas Multi-Stage Centrifugal Com-

Oil Pumps, Triplex Openers, Hole

Panelray Wall Heaters Paraffin Controls Pipe, Flue Portable Masta Portable Drilling Rigs Portable Space Heaters Power Rige Power Units Powers Pumping Jacks

Pumps, Centrifugal Pumps, Deep Oil Well Pumps, Gas Pump Liners Pumps, Triplex Oil Pumps, Turbine Purifiers

Radio Masta Radio Towers Reamers Rige, Portable Drilling Rigs, Rotary Drilling Riga, Power Rings Rock Bits Room Heaters Rotaries Rotary Positive Blowers Rotary Units, Hydro

Screen Casing, Heat-Treated Screen Traveling Blacks Scrapera, Casing Scrubbers Seal, Floating

Seats and Balls Seats and Drops Securator Silica-Gel Dehumidifiers Sleeves, Long Sleeves, Repair SpaceSaver Units Speed Blucks Spudders, Steel

Storage Heaters Swivel Threading, Security Tools, Cable

Towers, Radio

Towers

Triplex Pumps Turbine Pump

Units, Commercial Blower Units, Forced Air Unit Heaters Units, SpaceSaver Units. Power Units. Pumping

Vents, Gas Vessels, High Pressure

Water Heaters Weldment. Winches, Service

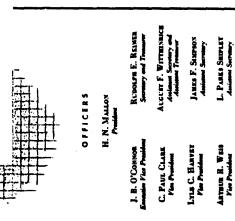
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# Officers and Directors

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	DRESSER INDUSTRIES INC. TEACHER TOWN



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NORMAN CHANDLER PRESCOTT S. BUSH

DIRECTORS

OCCAR M. HAVEROTTE GEORGE L. OFRSTRON WILLIAM V. GRIPPIN WILLIAM A. MCAFEE LYLE C. HASVEY ARTRUR R. WEIS J. B. O'Connon C. PAUL CLARK H. N. MALLON Prescott S. Bush H. N. Mallon William A. McAfee J. B. O'Conson Executive Committee

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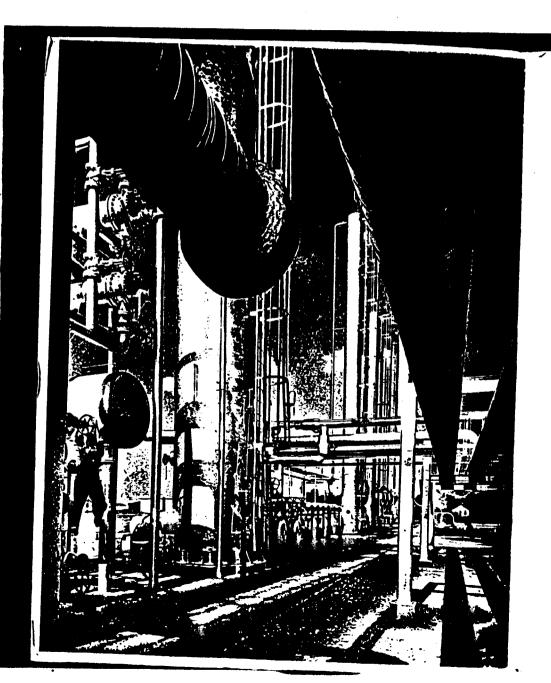
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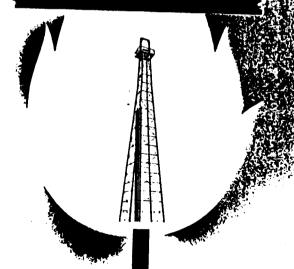
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Annual Report



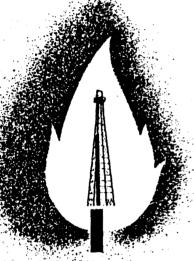
to the shareholders of DRESSER INDUSTRIES, INC. . Cleveland, Ohio.

Annual Report



for the fiscal year ended October 31

I947



## DRESSER INDUSTRIES

INC.

Parent Corporation:
DRESSER INDUSTRIES, INC.
Clayland, Ohio

Member Operating Companies: BOVAIRD & SEYFANG MANUFACTURING COMPANY Bradford, Pa.—Founded 1891

BRYANY HEATER COMPANY Clowlend, Ohio and Tyler, Texas—Founded 1908

CLARK BROS. Co., INC.

DAY & NIGHT MANUFACTURING COMPANY Monrovia, Calif.—Founded 1909

PRESSER MANUFACTURING DIVISION Bradford, Pa.—Founded 1880

DRESSER MANUFACTURING COMPANY, LAWITED Teronto, Ont., Canada—Founded 1931

INTERNATIONAL DERRICE AND EQUIPMENT COMPANY Columbus, Marietta and Delescere, Ohio; Beaumont, Texas; Torrance, Cal.—Founded 1920

Kour, Inc. Hunsingen Park, Calif.—Founded 1923

PACIFIC PUMPS, INC.
Huntington Park, Calif.—Founded 1923

PAYNE FURNACE COMPANY Beverly Hills, Calif.—Founded 1915

ROOTS-CONNERSVILLE BLOWER CORPORATION
Connersville, Ind.—Founded 1854

SECURITY ENGINEERING Co., INC. Whittier, Calif.—Founded 1931

THE STACEY BROS. GAS CONSTRUCTION COMPANY Cincinnati, Ohio—Founded 1915 Stacey-Dresser Engineering Division Cleveland, Ohio—Founded 1945

## NOTICE TO SHARRHOLDERS

This Annual Report is farmated you in advance of our request for precise. A presy statement and form of presy will be forwarded by the Company to each shareholder on or about January 13, 1948.

## Financial Highlights

FOR THE YEAR ENDED OCTOBER 31, 1947

	. •
Net Sales	\$80,095,199
Net Profit	\$ 4,439,189
Earnings per common share	\$3.85
Backlog (unfilled orders)	\$45,955,000
Working Capital	<b>\$24,414,916</b>
Property, Plant and Equipment (net)	\$11,500,928
Net Worth (capital stock and surplus)	<b>\$30,483,8</b> 45
Payroll (wages and salaries—all employees)	\$21,948,177
Common stock outstanding (shares)	1,095,137
Number of Common Shareholders	5,325
Number of Preferred Shareholders	427
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January 7, 1948

TO THE SHARRHOLDERS:

For Dresser Industries the year 1947 was one of substantial progress.

Important changes were made to strengthen the organizations of the operating companies, manufacturing facilities were rounded out, tooling for new products was completed, and sales and engineering programs were co-ordinated so that we are now beginning to experience the benefits of the expansion program initiated several years ago.

All of our member companies are non operating at a profit, and we have succeeded in webling together the activities of thirteen separate companies into an aggressive, co-ordinated unit, with sales and profit potentialities as indicated by 1947 results.

## Enrainge

Dresser's net earnings, for its fiscal year ended October 31, 1947, totaled \$4,439,189 on net sales of \$80,095,199. Comparisons with the two preceding years are given on page 7, even though there is no common basis upon which 1947 performance can be compared to that of 1946 or 1945 because during most of 1946, O.P.A. price ceilings were still in effect, and because a large share of 1945 business was war business. In 1947, with government price control no longer a factor and with materials becoming more available. Dresser was able to supply customer equipment demands not only in larger volume, but at prices that would yield a profit.

## Sales Trend

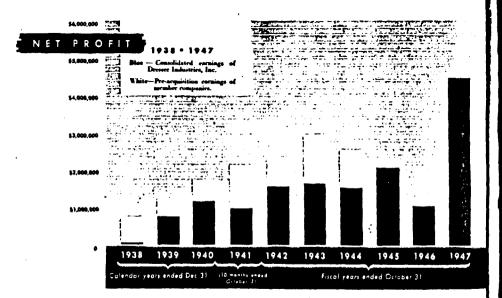
Of particular significance is the sales trend during 1947. Sales rose from approximately \$16,500,000 in the first quarter to over \$25,000,000 in the fourth quarter.

As of this writing, the sales rate of \$100,000,000 a year is still being maintained. Sales backlog, as of the end of December, stood at close to \$50,000,000.

The fact is that Dresser is now apparently on its way to do, in peacetime, a volume of husiness as large, or larger, than its constituent companies did in their wartine peak.

In studying the sales and earnings charts, it should be remembered that at the peak of wartime production, a large poetion of Dresser's business represented special war contracts not directly related to oil and ga—the fields which constitute Dresser's normal sphere of business. By contrast, 1917 sales volume, except to a negligible extent, has been realized by serving the oil and gas industry "all along the line"—which was the original intent of this company before the war, and which will continue to remain the intent of this company in years to country.

Oil and gas are, by their nature, partners in enterprise. They mis in the ground, in re-



facries, and in technology. Together they form sa industry that is on the threshold of great scientific developments and other changes of large significance.

internal development and by acquisition of tunities that such a changing industry presents that has led to our substantial growth, both by It is Dresect's appreciation of the opporadditional companies, during the war years.

besis of war business. They were made with The latter purchases were not made on the the possibilities of long-term peacetime business through of a program laid out before the war. is mind. They represented the logical following

They resulted in the eventual consolidation moder a single supervision of a strong engineerto serve a rapidly developing and changing industry and feed it with the equipment and sering and manufacturing organization designed rices required.

## Espenditures for the Fature

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> The plan that we embarked upon several years ago-that of building the equipment and rendering broad engineering service for the restless, and ever-changing oil and gas inclustry is today well along the road to accomplishment. But this has necessitated sizeable expenditures today, on behalf of tomorrow.

art improvement within our newly-arquired Even while we were bosing mossey on operations in the early part of 1946 due to prive controls, we were continuing a program of prodmember companies. The co-ordinating of manufacturing orquinitions and the development of engineering

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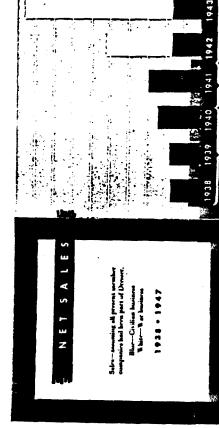
# 10-YEAR FINANCIAL SUMMARY

		;	=	·YEAR	10-YEAR FINANCIAL SUMMARY	CIAL S	UMMAR	<b>~</b>		
			Light figures pertain to Thewer Industries, Inc. and Consultated Subsidiaries. Darker figures include totals of all perent member companies without regard to date of population.	to Draver la ( all persent a	olustries, Inc. sember comp	and Countiling	Jates Subsisilia regard to date	nies. Darker : of aequivities	£ .	
; ;	1913	97.51	1913	1946	1913	1912	1841	1319	1939	1938
Net asks (Not A)	484,093,199	651,783,18 <b>0</b>	\$80,008,511 \$6,300,826	851,976,673 89,426,888	\$58,981,109 \$6,676,368	154,041,109 \$28,296,687 \$6,676,368 \$1,667,573	20,306,193	880,096,511 \$51,076,573 \$53,0961,109 \$20,296,687 \$11,773,399 \$11,873,731 8 6,01,236,286,286,286,286,286,286,286	1 6,912.362 17,227,818	8 5,781,615 16,786,783
Profit before taxes on income (New A)	318,8Ca,1 5	\$ 1,006,303	6 7.056.84 \$ 1,006.303 \$ 8,001.012 \$ 5,007.013 \$ 4,007.05 \$ 5,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.05 \$ 10,007.	9,574,664	5,550/61 & 6,339,115 \$ 4,150,5% 5 8,000,000 \$ 8,000,000 \$ 8,000,000 \$ 0,000,000 \$ 0,000,000 \$ 0,000,00	8 4,150,5% 6,670,846	4.2045,704	3,161,167, 9	\$ 931.165 1,628.678	4 B2,646
Taxes on income (Note A).	\$ 55971246 \$		30,502 8 5,911,157 8 35,755,509 8 4,705,205 8 2,553,111 8 1,404,764 8 917,205 8 4,606,708 4,504,709 7,406,718 4,504,709	6.5,975,589	3,973,789 8 4,705,295 8 2,553,111 8,634,804 7,400,131 4,288,236	4.553,111	\$ 1,087,368 2,063,461	1,240,770	3 185.295 3 346.246	206,981
Net profit (New A and B)	\$ 4,139,189	\$ 1,007,235	\$ 4,139,189 \$ 1,037,235 \$ 2,105,675 \$ 1,575,075 \$ 1,633,820 \$ 1,597,835 \$ 998,138 \$ 1,181,212 \$ \$ 2,305,845 \$ 2,305,845 \$ 2,186,847 1,196,286	\$ 1,575,075 2,536,045	1,513,075 \$ 1,633,820 \$ 1,597,455 2,836,868 2,886,643 2,862,816	\$ 1,597,455 2,362,816	\$ 999,138 2,107,007	4 1,181,212 1,746,269		\$5,705
Working capital	\$24,114,916	814,853,63	11. 11. 11. 11. 11. 11. 11. 11. 11. 11.	17,222,387 8 6,445,927 1 17,842,422 11,878,838	\$ 5,233,069 a	\$ 5,006,583 8,813,684	8 3,637,865	6.206,575	4 2.139,708 6.661,619	6 1,852,610
Property, plant and equipment (net)	811,500,928	\$ 9,877,236	00/211/2 \$ 12/10/2 \$ 12/11/2 \$ 12/11/2 \$ 12/20/2 \$ 4/20/20 \$ 12/11/2 \$ 12/11/2 \$ 12/11/2 \$ 12/20/20 \$ 12/20/2	8,111,76	8 4,311,883	4,311,883 8 4,153,298	8 3,115,176 6,968,266	8 2,731,190 6,151,214	4 2.111.931 8.554.048	6 2,112,590 8,812,670
Expenditures for property, plant and equipment	\$ 2,926,000	\$ 3,031,000	\$ 2,956,000 \$ 2,031,000 \$ 1,231,000 \$ 651,077 \$ 603,000 \$ 1,350,000 \$ 913,007 \$ 614,775 \$ 1,255,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$ 1,257,000 \$	651.977 1,534,000	651.970 \$ 603,000 \$ 1,525,000 1,371,000	\$ 1,150,000 1	1,948,000	6 618.779 1,004,000	4 117.000 \$ 116,000 G22.000 614,000	5 1 16,000
Net worth (capital stock and surphus)	630, 463,845	696,465,845 626,140,259		\$11,211,195 20,000,000	8 9,682,833 17,849,776	\$ 4,513,754 16,629,167	\$ 6,611,797 11,712,636	-	\$ 4,313,180 11,233,930	8 4,385,100 10.516.407
Book value per common share (New C)	# 72	31E-42	817.45 17.82	\$16.0¢	814.65				# E.07	\$ 7.31 8.8
Earnings per common share (Note Charactering)	9 3.65	#1. B	# C C C C C C C C C C C C C C C C C C C	11 #	111	22	1.8	5.1.6 1.50	£ 27	8 8
Dividends per common share (New C)	1	6K.	8 1.15	1.80	\$ .075	*	Sq. ■	1.00	127	1
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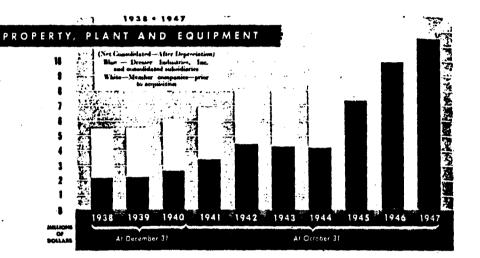


Culendar years ended Dec 31 - Hamson season

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1945 1946

Fiscal years anded Ostober 31 1943 1944



facilities and services have represented money spent out of current income on behalf of building for future years. Our extensive product and process research activities must likewise be viewed from this same standpoint.

Our earnings for 1947 are just now beginning to indicate the extent and nature of the potential returns to be gained by our investment in research, product improvement, engineering exploration and consolidation of member company activities in past years. The strength which these factors are adding to our market and earnings possibilities may be expected to continue for years to come. But the expansion in volume to which these very factors have contributed has, in turn, given rise to a working capital problem which must now be solved by additional financing.

## Cash Requirements

As the volume of business has increased, more manufacturing facilities were needed to turn out the orders. It became necessary to invest in plant and equipment more than the annual depreciation allowances. Such excess capital expenditures over depreciation evident on the chart above, occurred in the following amounts:

1915,	 	256,000
1916	 	2,002,000
1947	 	1.142.000

Our program of plant modernization and improvement designed to enable us to produce on an economical basis is not yet complete, and for at least one more year further expenditures must be made for this purpose. Furthermore, a rapidly expanding business is confronted with ever-increasing cash requirements. Customers' accounts are in a larger dollar amount, even though collections are equally prompt. Note also the larger inventory of \$23,883,977 at the end of 1947, by comparison to \$18,498,080 at the end of the previous year. Both these increases reflect primarily the increase in sales volume, although the inventory turnover is a little slower than normal because of shortage of steel and the longer lead time necessary in ordering all essential materials. Our inventory pricing is conservative, and none of the current profit can be attributed to changing inventory values.

As a step in the solution of our working capital problems, a year ago we arranged for a term loan of seven and a half million dollars. But the business grew even more than we anticipated; and we are now asking the stockholders for their approval of an increase in our authorized indebtedness to twelve and a half million dollars. Upon approval of the stockholders at the coming Annual Meeting, a fifteen year loan will be available on favorable terms, as outlined in detail in a proxy statement that will reach you in a few days.

The proposed new loan should not only provide enough working capital for further growth of the business, but also make it possible for Dresser to resume payment of quarterly dividends on its Common Stock. This has been the objective of your Management ever since Common dividends were discontinued in 1916.

## Outlook for 1946

The outlook for 1948 can best be described by summarizing briefly the developments that

have been occurring in our various marketing fields; hearing in mind at the same time future uncertainties, especially with respect to the supply of seed.

There is a shortage of oil in this country and the price of oil is at a record high. Oil companies and independent operators are thus encouraged to extend their drilling operations to unprecedented levels, held back only by the shortage of pipe and other critical materials. This drilling activity means more business for

The refining capacity of the oil industry is also being enlarged to meet the expanding market for gasoline and other end products. Refineries are being modernized to turn out the same high quality product produced by the newer catalytic cracking plants built during the war, and utilizing the newest refining techniques. A tremendous budget of expenditures has already been announced by the major oil companies, and if carried to completion will mean more business to Dresser.

Pipe line construction for natural gas, crude oil and gasoline is proceeding at a record rate, taxing the pipe manufacturing capacity of the entire steel industry for the next three or four years. These pipe lines require accessories, pumps and compressor equipment: and this means business for Dresser.

More natural gas delivered to more markets will gradually remove the re-trictions on gasburning appliances now imposed in many sertions because of the shortage of gas supplied to the large cities of the East. With restrictions temoved and with gas pleutiful and cheap, the

consumer preference for gas beating will add appreciably to Dresser's business.

sold, there is a market for Dresser products; povernment, we have been shipping equipment unless an embargo is placed on the shipment of It must be borne in mind that wherever oil and gas are produced, transported, refined and and day by day the world is becoming more dependent on gas and oil. The result has been Poland, Arabia, France, Venezuela and the Argentiae. This foreign business is done on a cash basis, with payments in American dollars; and is expected to continue at a high level, tries-in which case, of course, we will coa considerable increase in our foreign business. With the full knowledge and approval of our oil and gas equipment to various foreign counoperate to the limit with our government to the British Empire, China, Mexico, Rusaia, policy, either expressed or implied.

In view of the foregoing, our chief reserven, as we look forward to 1948, is the steel situation. Although it may remain critical for the first half of 1948, we are hopeful that it will improve as the year progresses. In viewing steel rather than markets as our major 1918 problem, we are considering our own particular prospects and potentialities by contrast to those of business and industry as a whole. It may well be that in 1948, supply in various industries may easely up with, and pass, the

accumulated demand engendered by wartime abortages. There are various indications today that this may happen in the comparatively near future in a variety of manufacturing fields.

There are as of today, however, no indications of any such immediate possibility is connection with the oil and gas industries. Both oil and gas are in short supply and bid fair to continue in that situation for some time to come. They are still far behind in catching up to postwar consumer denand.

If, therefore, in 1948 some industries pass their peak of supply with respect to accumulated demand, it may actually mean that more such will be available to the oil industry, to the gas industry, and to Deraser Industries—enabling Dresser, thereby, to attain a peak of business in 1948 even beyond today's expectations.

Is any event, may I report, in conclusion, that our sales and manufacturing programs for 1948 are aimed at a minimum volume of business of \$100,000,000 a year—which was our operating rate as of the close of business of our facal year ended October 31, 1947.

Respectfully submitted,

MMaller

Cleveland, Ohio January 7, 1918

# Consolidated Statements of Income DRESSER INDUSTRIES, INC. AND SUBSIDIARIES TEARS ENDED OCTOBER 31, 1947, AND OCTOBER 31, 1918

	Year . Oct. 31, 1947	Your Ended HT Oc. 31, 1946
Ner Sales.	\$50,095,199	\$54,783,138
Cost of Codes Sole.	60,033,968	11,513,76
,	620,062,131	\$10,200,450
SELLING, ENGINEERING, GENERAL AND ADMINISTRATIVE EXPENSES	12,181,958	9.146.13
Ornes Iscons	8 7,588,173	\$ 533,121
Interest estract.	38,36	86: T:
Profit on sale of securities (includes affiliated company).		2:1,38
Frufit on disposal of dependiable assets (net)	86,138	133,657
Miscellandens	161,093	117.99
	8 27,4,616	45.05.0
Owner Denorman	8 7,854,789	\$ 1,183,756
Interest expense	179,963	130.33
Miscellancous	1:,960	161":1
	\$ 197,913	B.:::
TAXES OF INCOME AND TAX CREEKS (estimated)	1.454.86	\$ 1,006,343
Province for the year		
Foderal normal increme tax and surtax		
(includes \$51,000 Indeced exerts presis tax in 1916).	8 2,836,000	\$ BLC.com
Canadian and state income taxes.	34,700	35.60
ating boses and unused excess profits that gredits.	1	13. sept
	\$ 2,910,700	10.40
Adjustments for prior years (ner)	306.957	יות:
Toral Texts of Scuns.	\$ 3-11.637	S Midt.
Net Ivans.	8 1,170,180	\$ 1.8X.215
Provisions for depreciation and americation, deducted above, amounted to \$1,183,551 and \$951,71s. evancined. for the seasonabled thinks \$1 1915 and \$1.10.1 and \$1.10.5.	81,183,551 am	W51,716. ev.

Proposition for approximation and americanisms, sequented above, associated in \$1,100 special relatively, for the years ended throughor \$1, 1946, and (Arisdort \$1, 1946, 1941) shadester ord figures.

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ACCOUNTANTS REPORT OF EXAMINATION

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## Consolidated Balance Sheets

DRESSER INDUSTRIES, INC. AND SUBSIDIARIES

October 31, 1947, and October 31, 1946

ASSETS

LIABILITIES, CAPITAL STOCK, AND SURPLUS

			•		
	Oct. \$1, 1947	Oct. 31, 1946	CUMBERT LABELTIES	Oa. 31, 1947	Oct. 31, 1946
Curanity Assits Cash	2 2.972.838	8 2,866,643			
Receivables	•	• -,	Notes payable To heaks (encoured)	•	\$ 7,000,000
Trade notes and accreed interest	8 632,083	8 155,266	Current portion of long-term debt.	1,109,797	• 1,000,000
Trade annuals	11,916,954	8.007.951	Contract person or long-term order.		
Other	119,170	591,637		8 1,109,797	\$ 7,000,000
			Accounts payable, etc.,	4,326,188	5,252,621
•	812,668,207 398,905	\$ 8,757,854 325,814	Advance psyspenia on contracts	1,326,077	179,773
Less reserves			Accrued		
	\$12,2 <del>69,302</del>	8 8,432,840		\$ 1,356,381	\$ 885,761
Estimated estundable taxes on income of prior years (current portion)	353,116	631,500	Taxes, interest, rest, etc	875,948	20:,229
Investories—at fower of cost (principally energy cost) or replacement market				\$ 2,132,329	\$ 1,692,990
Finished products and parts	8 6,716,966	\$ 4,836,936	Federal, state, and Canadian taxes on income (estimated)	3,669,926	1,154,422
In-process products and ports	10,976,810	8,903,496	TOTAL CURRENT LABOUTIES	\$15,061,317	دافة: تبذاه
Row meterich and supplies	6,190,201	5,657,648	Long-Teny Dust (New)		***********
	823,843,977	\$18,990,000	Notes payable to banks maturing in installments of varying assounts from		
		****	December 1, 1947, to December 1, 1956	\$ 7,500,600	
TOTAL CUMBENT ASSETS.	\$39,179,233	830,129,063	Loss amount included with oursest liabilities	1,109,797	
Investments and Other Assets			,	8 6,390,203	-
Investment in capital stock of other company	\$ 150,000	\$ 75,000	CAPITAL STOCK AND SCHOLUS (Note)	* 60,370,000	• —
Estimated refundable texes on income of prior years arising from enery-back of			Capital stock		
operating losses and unusual excess profits tax credits, additional america-		*** ***	Authorized (at October 31, 1917):		
ties, etc.		715,319	118,800 shares preferred (per value \$100.00 a share) and 2,400,000 shares	•	
Miscellaneous receivables, etc	130,573	319,037	common (par value 50c a share) of which 117,000 shares were reserved		
TOTAL DIVESTRENTS AND OTHER ASSETS	\$ 576,286	\$ 1,109,436	for conversion of preferred		
PROPERTY, PLANT, AND EQUIPMENT-major pursion at cost loss reserves for depre-			Outstanding		
ciuties and americanion. Includes fully american facilities of \$2,346,647 and	!		Preferred stock (cumulative) 33 4 Ce series (convertible prior to September		
\$2,357,335, respectively, at October 31, 1947, and October 31, 1946.			15, 1955; redeemable at \$107.50 a share to September 15, 1950; and at reducing prices thereafter to \$101.00 after September 15, 1955)-		
Land and land improvements	\$ 815,369	3 835,606	50,800 shares at October 31, 1917 and 59,100 shares at October 31, 1916	A 5.880 00d	#-5.9 m).000
Buildings	\$,205,512	1,886,989	Common stack -1,095,137 shares	547,568	517.548
Machinery and equipment, etc.	17,250,205	15,005, 118			
• • • •	123,301,006	\$20,007,933	Surplus	\$ 6,127,568	\$ 6,187,368
Less reserves for depreciation and amortisation		10.930.677	Capital surplus	812,322,826	\$12.53M.BS1
•			Earned surplus	11.333.451	7.131.41
TOTAL PROFERENT NAT	\$11,500,928	\$ 9,877,256	•		
Parests	. 1	ì	<b></b>	#21,036,277	100,550
Derestata Caracta			TOTAL CAPITAL STOLE AND STREET	\$341, M3,B15	8.16,1 101.239
Prepaid insurance, deferred taxon, etc	381,917	300,095		\$51,938,365	841,715,874
·	851,938,365	\$11,715.871	See mote to financial statements.		

## Consolidated Statements of Surplus DRESSER INDUSTRIES, INC. AND SUBSIDIARIES

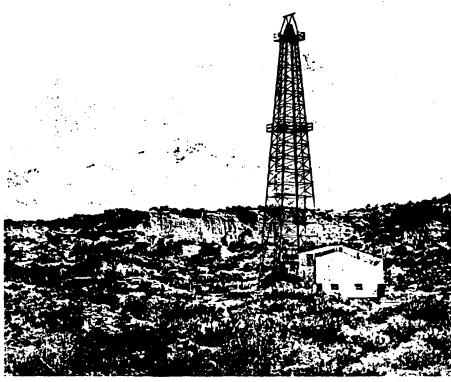
YEARS ENDED OCTOBER 31, 1947, AND OCTOBER 31, 1946

	Van	Ended
		Oa. 31, 1946
Capital Surplus		
Balance at beginning of year	812,520,851	811,739,697
Excess of set assets (as shows by banks of acquired companies after subsequent misor adjustments) over par value of capital stack insued in connection with acquisition of subsidiery companies during the year.		625.042
Adjustments to not secto (principally reserves and tax claims at dates of acquisition) of subsidiary companies acquired during prior year		357,712
Difference between par value and cost of preferred stack purchased and can-		,,,,,
orlied during the year.	1,973	1,009*
BALANCE AT END OF YEAR	812,522,826	\$12,529,851
Balance at beginning of year	\$ 7,131,810	\$ 6,676,136
ALL		•
Net income for the year	4,139,189	1.437.235
Cerdit resulting from settlement of senegotiation for the focal year 1945	184,047	· <del></del>
	\$11,753,076	\$ 7,713,381
Deduct	•	
Cash dividends paid		
On preferred stock\$3.75 a share	8 221,625	8 225.000
On common stock-\$.30 a share		302.541
Premium paid on retirement of preferred stock (held by minority interest)	\$ 221,625	\$ 553,541
of a consolidated subsidiary		28,000
	\$ 221,625	\$ 581,541
BALANCE AT ESO OF YEAR	\$11,533,151	\$ 7,131,840

## NOTES TO FINANCIAL STATEMENTS

Color—To addition to certain requirements relative to move-tenester of and current assets, the bean agreement pad the terror of the Perferred Stork, 23,°5 Series makes previous reserving carred surplus to the attent of \$5.000,000 and \$7.000,000 ex-operators, in determining the smanter of noth surplus available for payment of dividends on of Ortsher 21, 1947, the first pathous the payment of dividends on of Ortsher 21, 1947, the first pathous

The addition to certain requirements educing to main-of and current assess, the base approximate god the terms retrieved Serie, 1974; Forties recomb purelesses consisting or before Series, 1974; Forties recomb purelesses consisting

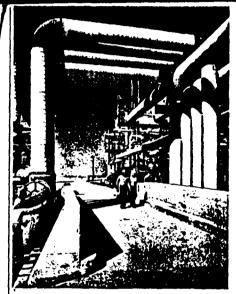


AN ADECO DERRICK, outlined against the footbills of the Andes, speeds the search for oil in the Mondo's pool of the Argentin

Present day consumption of gasoline, fuel oil and other petroleum products has far out-tripped the expectations of the most sangume. The result or rushto find new sources of crude at home and abroad, in our Middle West and the world's Middle Last, in the mountains, the swamps and even beneath the titles waters of our own and other countries.

Asied with this teverali search for oil, the petroleum industry is hurrying to adopt new objectand new egope. ment, both available in part, at least, from ten Dieser. to rot entropy, stockets but blue oder samapurer and gas well distling, for papeline and pumping station operations, for recovery and retiring processes, for conversion of natural gas into gasolics, and for the storage of gas and liquefied petroleum prishuls.

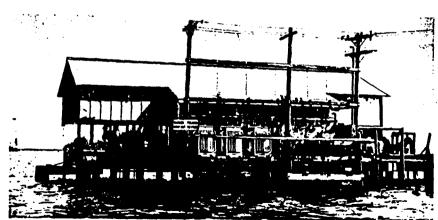
Most argent needs for the exploration phase of today's "oil rush" are three in minter of fatter equipment for deeper drilling, sees this in itself is proving a source of additions sale 2 equipment capable of netallation in hither conservable sporand of being readily moved from its location to mother. and it opagament that will out willing costs and well maintenance to make more marger boother opening iff. parahertere



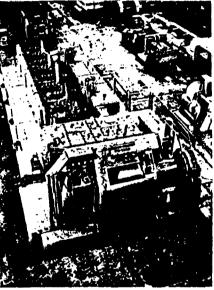
THIS REFINERY in Saudi Arabia, using Clark compressors and Pacific pumps is an up-to-the-minute installation.



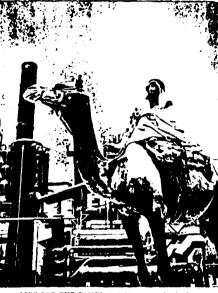
THE ABADAN REFINERY of the Auglo-franian Oil Co. in Iran used Clark and Paritic equipment extensively.



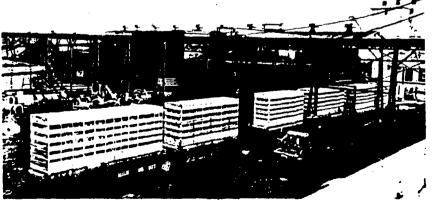
DRIVEN BY electric motion, these Clark compressors remain almost vibrationless although metalled in a bioseter station per hed on piles a male from shore on Lake Maracailio, Venezuela. They help to control pressure on the gas in oil wells from all the water



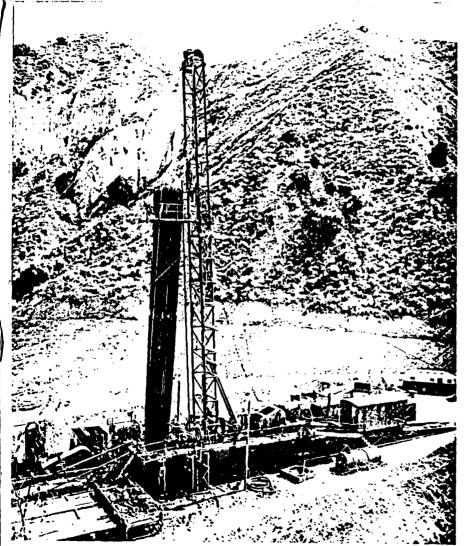
WITH DRILLING GOING TO 15,000 FEET or more in mony parts of the world, these lidero-Clork rigs are in demand.



LIFE FOR THE CAVIEL and his master bends for a swifter tempor as this refinery at Ras Tonura takes shape.



CARTONDS OF Idex equipment, packed for export, are headed today for an exergitoring market in the British Empire China. Mexico, Bussia, Polandi Arabia, France, Venezuela and the Argentine,



SELVEN CASIAN, CASIAN, and address the 96th periode "Ramble Rig." made by lifery is drilling for oil on a minized ped have could help cleaned on 10, 100, or 50 are spacings. Periodity of the unit saves precious drilling time,



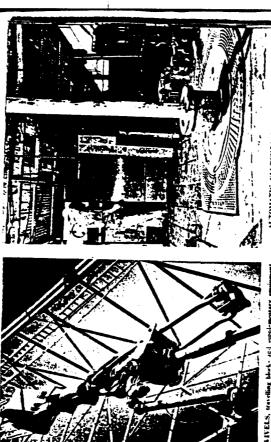
THIS EXTENSIVE REFINERY INSTALLATION in Louisiana is typical of investment in new plant processes which the petrobeam industry is constantly making to remain abreast of public demand for its products.

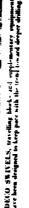
## AT HOME IT IS-OIL, WATER AND GAS

Here at home the petroleum industry, always one of the most progressive, is today more on its toes than ever. It is not uncommon for a new process to have searcely been installed before it is rendered oboolete by something newer. Relinery vapors, once wasted, are now being recovered for use in the manufacture of hyspositiets. New lubricating oils have recently been developed and more are in the process of development. Higher pressures and larger volumes of thirds are now being handled in pipeline and retineries, thanks to new pumps, compressive, and associated equipment designed by Clark Bros. Co., Inc., Bootest omicroville Blower Corporation, Pacific Pumps and other Dresser

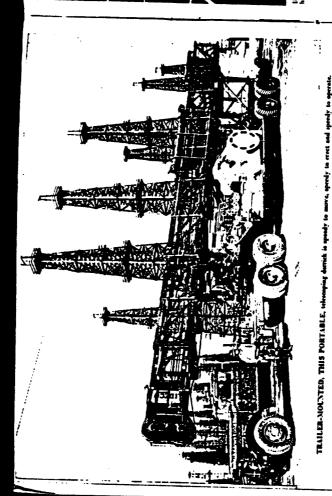
Oil and gas transmission lines, steadily growing longer, require improved pumping and compressor equipment, both available from Dresser companies.

The public demand for give growing by leaps and bounds, has afforded other Dresser companies the opportunity to be of service. Sizeable storage facilities for liquefied performing as to argument the normal gasinpply during periods of polydominal. Invocabilities built by Spicey-Dresser Engineering in Roston, Chromitath Columbus, Dette rand Toledo and even larger ones are in prospect.



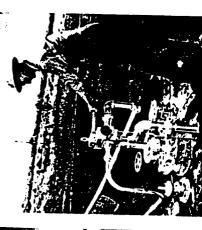






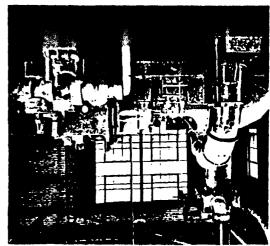


HILS REVAILE has been designed by Security Engineering on the for guidant out his entaigned between sold collapsed count.



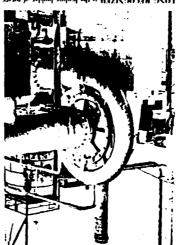
WHERE PRESSA RES have dropped to the paraging range, a paraging range, a paragin hand to Kode, but, deviced, with pulling nature because it can be raised as beared bedinningly by turning a sales.

Sheer to steam a countries of the contribution of a column to be sold to the sold of contribution of the column to the column to



TFRUCAL OF the navel Dresser couplings for gas name is the factorized in the factorized for the property of the Variopatina Lancasca constant in the factorized in the property in Park 2014 Calc. To write the property in case found are not brush it, and now, to remove Jalubik it, at obtains not in the latest part of the property of

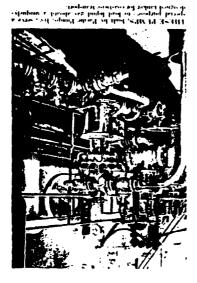




DRESSER COUPLINGS also play as important part water, ... as one three 6-leaf and an area of being added to Philadelphia's nater supply system.



varion do valdoud guidand solt at GENIZ (DEREM CIZER) fagulizance guidand arte, si silicersumadesburdil, persondil reponder for annual cumoff agual a sol son oldi-mainin segi



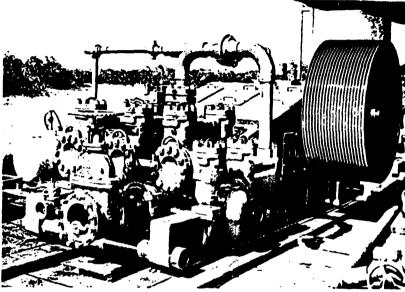


जिल्लान सानुनातामु सामन्त्रपुरालक स्टल्लान वस्तुरालका सुरूष्टला जन्मणार्थी सामन्त्रपुर का स्वाचन सुरूष्टलाल

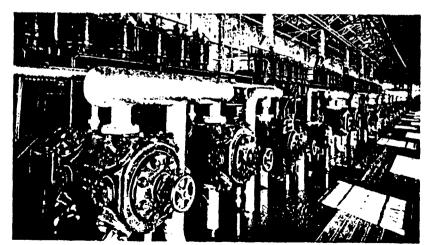
रेक्क्य में केवल कर कर प्रकार के इंडीए कि देन के अप मार्ग में से बेर से बार कर ब

STACEV-BRESSER: EVG1VERBLVG recent; completed construction of the world's largest liquid-optimizations, should be Michigan Constollated Case Compare; neer Detroit, Michigan Constollated Case Compare; neer Detroit, Michigan

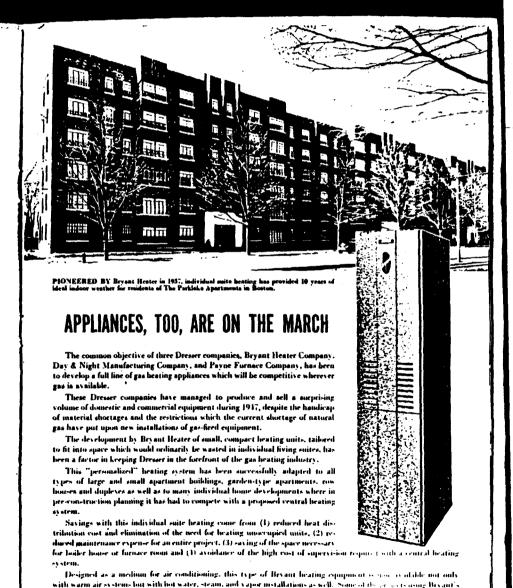




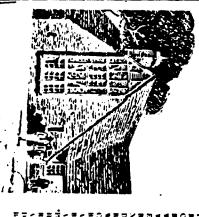
THIS CLARK-IDECO sluck pump has been engineered to meet the requirements of sleeper drilling. It forces specially compounded mud into the hole to could drilling hits and carry an avithe cuttants.



THIS BATTERY of right augh compressors in a 2-stage bioster station in Texas is typical of installations made by Clark in living up to the company's dog in "Setting the pure in compressor progress."



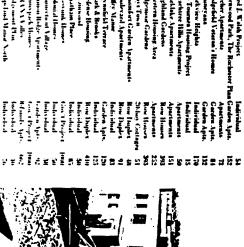
"per-malized" heating are listed on the following two pages.



A PARTIAL LIST OF GREAT PROJECTS.

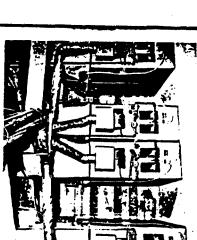






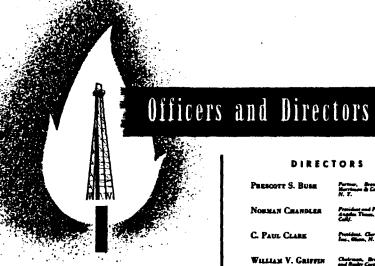
THIS DAY & NIGHT water couler, at the right, is installed in a large Lo Angels department store, has been designed for beauty as well as utilisy

THE MILD CLIMATE prevailing in many parts of the com-the Day & Night Planckey becase on ideal until for home bending



3

THE COMPACTNESS of this new comme circulating locater book by Tayon presumments it where space is at a premium.



J. B. O'CONNOR Emmine Vice President RUDOLPH E. REIMER Vice President creary and Transport

C. PAUL CLARE Ylas Propident

AUGUST F. WITTEINBICE Assistant Secretary and Assistant Treasurer

LYLE C. HARVEY Floo Provident

JAMES F. SIMPSON

ARTEUR R. WESS Vice President

L. PARES SEIPLEY

Execution Committee

PRESCOTT S. BUSE H. N. MALLON WILLIAM A. MCAPEE J. B. O'Connon

## DIRECTORS

PRESCOTT S. BUSE

NORMAN CHARDLER

C. PAUL CLARE

WILLIAM V. GRIPPIN

LYLE C. HARVEY

OSCAR M. HAVEKOTTE

H. N. MALLON

WILLIAM A. MCAPER

J. B. O'Connon

ARTHUR R. WEIS

Stock Transfer Agents: THE NEW YORK TRUST COMPANY, NEW YORK, N. Y. BANE OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIA-TION, LOS ANGELES, CALIF. (common stock only)

Stock Registrars:

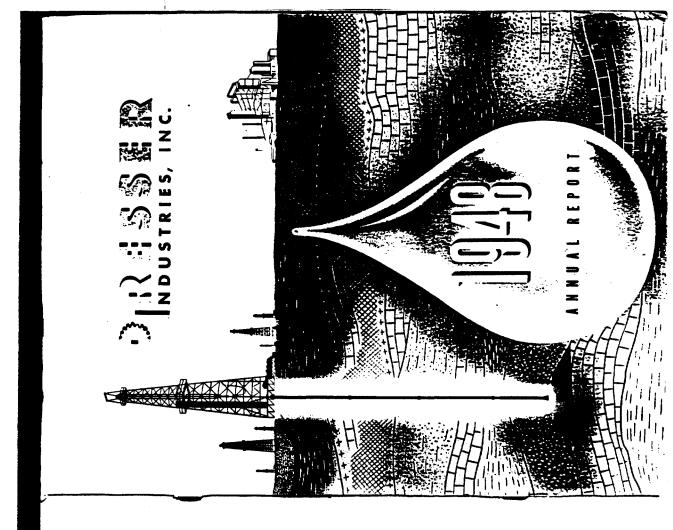
CITY HANG PARMERS TRUST COMPANY, NEW YORK, N. Y. SECURITY-PIRST NATIONAL BANK OF LOS ANGELES, CALIF. (rommon stock only)

Common Stock Listing:

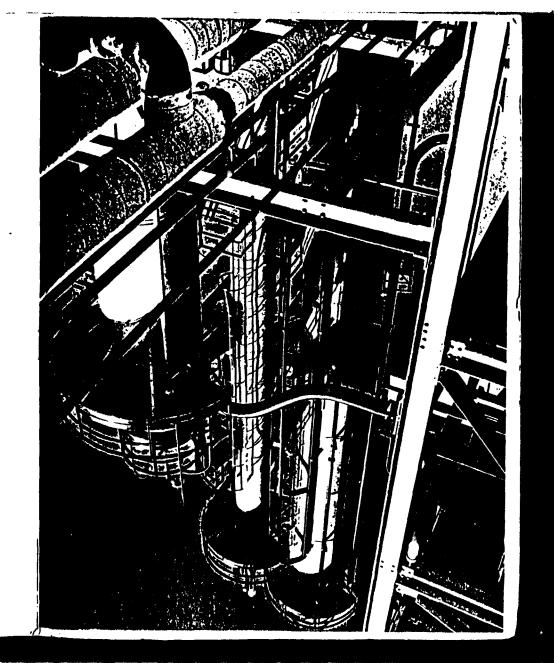
NEW YORK STOCK SECHANGE, LOS ANGELES STOCK SECHANGE

Professed Stack Listing:

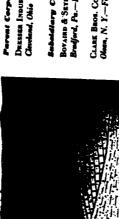
NEW YORK STOLE EXCHANGE







A GROUP OF COMPANIES UNDER A COMMON OWNERSHIP



Dressea Industries, Inc. Parent Corporations

BOVAIND & SEYFANG MANUFACTURING COMPANY Bradford, Pa.—Founded 1891 Sabaddlary Companies

CLARK BROS. Co., INC. Oben, N. Y.—Founded 1890

DRESSER MANUFACTURING DIVISION Brudford, Pa.—Founded 1880

DRESSER MANUFACTURING COMPANT, LIMITED Toronto, Ont., Canade—Founded 1931

INTERNATIONAL DEBRICE AND EQUIPMENT COMPLYS Calumbus, Moriete and Dalamers, Chin;
Beaumons and Dulles, Tenus; Terrance, Cal.

Koss, Inc. Hantingen Park, Calif.—Founded 1923

PACIFIC PUMPS, INC.

ROOTS-CORNERSVILLE BLOWER CORPORATION Connersulle, Ind.—Founded 1854 Huntington Park, Calif.—Founded 1923

SECURITY ENGINEERING Co., INC. Whittier, Calif.-Founded 1931

THE STACET BROS. GAS CONSTRUCTION COMPANY Cincinnati, Ohio—Founded 1915 Storry-Dresser Engineering Division Clereband, Ohio—Founded 1945

Notice to Shereholders: This Janual Report is farmished you in advance of our request for priving. A proxy statement and form of proxy will be forwarded by the Company to each phareholder on or about February III, 1990.

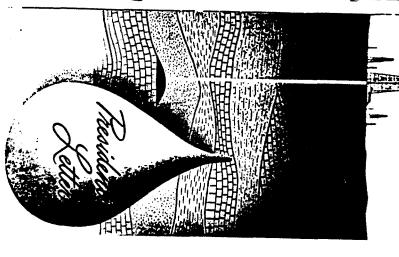


# FINANCIAL HIGHLIGHTS

The state of the s

# FOR THE YEAR ENDED OCTOBER 31, 1948

Net Sales	\$108.636,897
Net Income	\$ 8,038,122
Earnings per common share	87.14
Backlog (unfilled orders)	\$ 34.004.000
Working Capital	\$ 33,248,533
Property, Plant and Equipment (net)	\$ 11.841.697
Net Worth (capital stock and surplus)	\$ 37.245.772
Payroll (wages and salaries)	330,609,126
Common stock outstanding (shares)	1.005.137
Number of Commun Shareholders	5.219
Number of Preferred Shareholders	2



January 22, 1919

## TO THE SHAREHOLDERS:

108,636,897. year. This objective was met, with total sales to you of a year ago, we stated that our sales and fully maintained in the year 1948. In our report nanufacturing programa for 1948 were aimed at a inimum volume of business of \$100,000,000 The pace of progress of Dresser Industries was

October 31, 1948, totaled \$8,038,422. the two preceding years follow: Common shares of the Company. Comparisons for rquivalent to \$7.14 per share on the outstan Net earnings for Dresser's facal year ended

Profit per Share of Common on Outstanding \$108,636,397 \$80,095,199 9,039,122 11. 4,139,189 1917 ž 151,715,161 1,007,235

to \$37,265,772, and earned surplus from \$11,533,451 10 \$18,120,470. During the year, net worth rose from \$30,483.846

## Dresser's Equipment Division

resery to review the nature of Dresser's business In order to analyze Dresser's 1948 sales, it is nec

in the production, transportation, refining, and oil and gas. Ten of our thirteen companies are The function of our company, as you know, is to fulfill a vast variety of needs having to do with upply of petroleum and natural gas. milden and distributors of equipment used chieff

storage tanks for oil or gas; and in petroleum refineries—in fact, all along the line, from the drilling of the well itself to the refinery or to the while utility distributing gas to its comin repressuring of oil fields; in chemical plants; in of pipe lines and of pumping stations; in the revovery of liquid by drucarbuns from natural gas; The products sold by these companies find application in the drilling, production and main-tenance of oil wells and of gas wells; in the building

\$5.792.108 of Dreser's net profit. major parties of Dresser's husiness. They produced makes of \$79,165,637 — which yielded These companies in 1918 accounted for the

Dresser's Gas Appliance Division

1948, accounted for \$29,171,260 of Dresser's sales pany, Day & Night Manufacturing Company, Payne Furnace Company. These companies, in the industrial heating field—Bryant Heater Comoperations are makers of gas beating appliances which yielded \$2,216,311 of its met profit. ste., used in homes and in stores; and entering also such as space and water heaters, furnaces, holbers, Three of our companies included in this year's

## ithalficance of Capital Espaudits

lar interest in that it graphically illustrates the benefits of volume. In short, while sales increased 35% in 1948 over 1947, net profit increased 80%. The 1918 ratio of net profit to sales is of particu-

country and abroad, with special emphasis on new applications and developments in expanding petro-chemical markets. responsible for the higher sales volume. An enlarged staff of technically trained engineers is promoting the use of our products, both in this Sustained aggressive sales effort is primarily

been accompanied by a corresponding enlargeour sales volume of recent years has of necessity he capital expenditures shown in this table: sent of manufacturing facilities represented by The achievement of this field staff in building

Machinery, Equip-ment, etc. 3.263.000 Land and Buildings...\$1,312,000 \$ 360,000 \$ 331,000 Tetel............\$4,575,000 \$2,926,000 \$3,834,000 366,000 2,783,000

presented. The plan called for the purchase of machiner, and equipment, and a certain amount of building construction, on the most economical company for the potential peacetime market which was anticipated as industrial reconversion varia commensurate with requirements. essened, and competitive opportunities were again stugresacul. alustingen and Government controla The program was one designed to prepare the

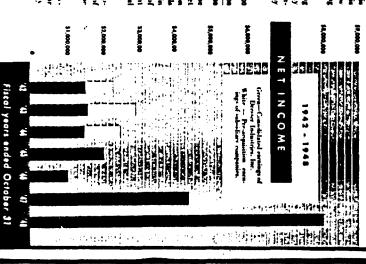
ment arquired during war years on certificates of war. This item above totaled \$2.440,000. peressity, written off completely at the end of the The first major step in this direction was equip-

ing the war, totaling \$8,532,000, were partially war surplus items of makern design and only slightly emi, ampierd at bargain prices. Machiners purchases made in the years follow.

> These additions amounted to \$2.003,000. rontracts and rommitments for building were made before prices were as high as they are today erials became available after the war, and most Plant construction was started as soon as ma-

Company instead of paying them out in dividen Dresser plants would have been incapable and reaching the production rate which enabled Dreaser to resume dividently early in 1918. rempany natead of paying them cart in dividenda— Dreser plants would have been incapable of turning out \$80.000/300 worth of products in 1917 large extent the plowing back of caraings into the and 1917—expenditures, which represented to a Without the capital expenditures made in 1916

a net income sufficient not only to maintain dividends but to complete the major immediate High-volume operations, in turn, generaled



portion of the company's rehabilitation program. Dresser's plants are now modern and well equip-ped, ready to produre upon a competitive hasis.

## Product Development Program

cut costs and speed operations. gas are usually found together in the ground-are depths, the search for more oil continues. In-separable from this constant search—since oil and All over the world, in new territories and at greater more efficient mechanical developments, that will constant drive for new ways, better methods. not yet served by it. And along with all this is the the projects designed to bring natural gas to places The oil and gas industry is a dynamic industry.

developments are briefly described here. improved to seet the accelerating pace of the oil and gas industry. A few such recent Dresser in common, however-they must constantly be Their variety is infinite, and many of them are so would be incomprehensible. One thing they have technical that to the layman a description of them It is these products that Dresser manufactures.

A completely hydranlic obot-hole rig for grophysical rapheration, light enough that it can be flown into other rise innocessible becations.

Dividends per common share (New C).....

Earnings per common share (Nae C)

Book value per common share (Nac C)..... Net worth (capital stock and surplus: ..... Expenditures for property, plant and equipment

Property, plant and equipment (net:

Working capital.

Taxes on income (New A)....

Net income (Name A and B)

Profit before taxes on income (New 4)

Net Sales (Note A)

Mobile drilling equipment so well concrived and engineered that it moves into becotions and starts drilling on a 7,000-feet hole in a matter of hours.

Now oil well drilling bits that rate cores as they drill, thus clinicating many of the coulty and num-productive "round rips" norried to obtain cores by the usual methods. Other new hits permit remoing survey instruments without the accressity of making a round trip with the drill pipe which takes set to right house on a deep well. A new hydroelic pumping system that reduces down-time and lost preduction by speeding repairs when they are necessary. By this system one must in about a half an hour cut accomplish the name results at fore men in eight hours using conventional equipment.

A new technique for welding heavy aluminum sections which was used for the fabrication of all the equipment needed in the construction of a 135-one per that expen-plant for the chemical industry. The same techniques are lari piani. rally bring used in the construction of a large symbotic

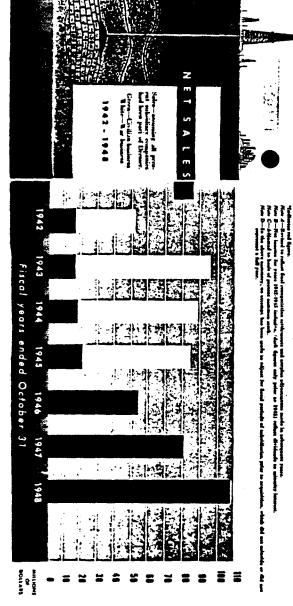
initial work on got terbines and axial flow compresses for growed industrial use. These markines are similar to the jet respons well in military swretch has well be designed reported for driving generators, pumps, becausing, ships and other equipment requiring large amounts of power.

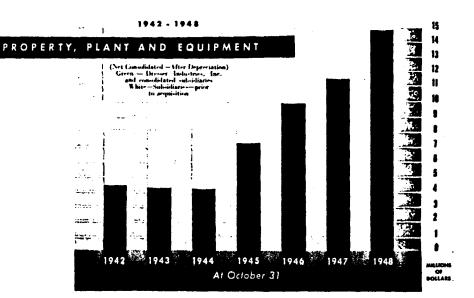
Steam turline centrifugal pump drives of a unitical senteurism to obtain increased capacity with technood size

# 7-YEAR FINANCIAL SUMMARY

Light figures pertain to Drawer Industries, Inc. and Campildated Subsidiaries. Dort Squres facilities to be a first and the first state of the fir

		1 1,656,210 1 1,656,210 1 1,656,216 1 1,211,657	1916 1916 1916 1916 1916 1916 1916 1916	1 1/62/2/2 1 1/62/2 1 1/62/2	178/2018 8 178/2018 8 178/2018 8 178/2018 184/2018 184/2018	Tanta 1 (2002) 1 (2002)	1 1,597,487 1 1,597,487 1 4,159,584 4,179,687 1 4,159,584 4,179,687 1 4,159,584 1 5,159,584 1 5,159,58
1 (49)	Ŗ	13211467	8 30,912*	6,501,157 1,501,157	0.1575.58 6.1575.88	SCHOOL S	
1 case	Ĥ	# (.GP.199	1,007,235	8,118,487 8,118,487	8 1,575,075 2,836,066	SPERST S	
<b>Maria</b> 1	E	824414,917	1973711	17,941,422	11,000,007	14,000,000 600,000,000	
	3	611,500,928	8 9,877,256	0 7,511,331 0,167,263	HACTOCIA SALTICITA O	STATE OF THE PARTY	
	8	\$ 2,926,000	1 3,454,000	1,231,000	000139	***************************************	
	7	\$30,483,846	6270173	\$24,945,273 \$8,884,444	\$11,241,195	17,00,778	
	\$	\$22.44	\$18.42	917.85 17.93	16.36 216.46	#2.cs	
•	7.14	3.37	1 .74	1.58	# H	## ###	
•	Ë	i	-	• I.	-	ā	





Along with product development has gone the search for every possible application and market for all of our products. Products at first produced for the oil and gas industries are now selling in large dollar volume in other industries and the potential volume of some of the newer products in general industrial applications constitutes an important future source of sales and profits.

## Capital Requirements

The 15-year \$12.500,000 term born approved by the diareholders at their annual meeting last March, together with the year's large earningshave enabled Dresser, in spite of its substantial investments in plant betterment, to meet added working capital requirements. These have increased in direct proportion to the increase in Dresser's volume of business as indicated by the following table:

	therefore 31, 1448	(Venber 31, 1917
Receivables	\$17,644,379	\$12.200.MI
Inventories	00,076,339	23.883.977
Working Capital	. 31,206,533	24.414,917

However, while current working capital is adequate to handle current volume, it does not provide sufficient margin for financing new and attractive potential developments in the company's oil field equipment business, or for taking advantage of exceptional opportunities in this field, should they arise

## Recent Sale of Gas Appliance Division

On January 12, 1949, Dresser sold its three gas appliance companies (Bryant, Day & Night and Payne) to a newly formed company. Affiliated Gas Equipment, Inc., for \$10,870,000 cash. The purchasing company is entirely independent of, and has no financial connection with. Dresser Industries. It seems appropriate to summarize here the reasons for the sale.

As mentioned earlier in this letter, these companies self-hon-chold gas appliances, which are consumer goods. The halance of the Dresser companies constitute the Equipment Division, selling pumps, relating equipment, pipe line compressers, couplings and oil producing equipment such as drilling rigs, etc., which are capital goods.

The distribution and sale of the goods manufactured by the Gas Appliance Division is through entirely different channels and involves entirely different problems from those involved in the distribution and sale of the products of the capital goods division. To a certain extent the manufacturing problems of the two divisions differ.

Both divisions have grown rapidly to such an extent that each division is sufficiently large to require the entire energy and resources of a specialized management to be concentrated on it. Since the experience of Dresser is judged to lie more along the line of a capital goods business in the oil and gas industries, it neemed advisable to sell the Appliance Division when the opportunity for a favorable sale occurred.

The proceeds of the sale, \$10,870,000 less extinated tax of \$125,000 making a not cash gain of \$10,745,000, will be added to working capital and can be utilized for the further development and expansion of the company's equipment business, strengthening Dresser's position as a manufacturer of capital goods for the petroleum industry.

That Dresser should immediately expand its volume in the oil industry to an extent sufficient to offset in sales and earnings the divestment of its Gas Appliance Division is not anticipated. However, the company's improved working capital position with respect to presently foreseeable requirements should permit it to consider the payment of a somewhat larger percentage of the current earnings of the Company so dividends than heretofore.

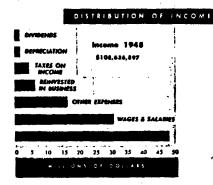
## Dividend

Three dividends of 37½ cruts per share were paid on the Common Stork during the last fiscal year, and a fourth of equal amount was declared last November 19, payable December 13. Common shareholders, therefore, received \$1.50 per share during the calendar year 1948. The usual quarterly dividends of 93½ cents per share on the Preferred Stork were paid throughout the year.

## Employee Relations

During the company's 1948 fieral year, Deemee's employees received in wages and salaries a total of

\$30,699,126, as shown in the "Distribution of Income" chart appearing below. This total represented an increase of 10% in dollars, 19% in number of people employed, and ₹% in average wage-hour rates over 1947.



During its facal year, wage negotiations were conducted and carried through to conclusion in all but one of the plants of Dresser companies. In this plant, negotiations were held up pending the outcome of a Labor Board election, and wage negotiations have here now likewise been completed.

In view of average national experience, it is of interest indeed that Dresser's lost-time due to strikes during the year ended October 31 amounted to only four-tenths of one per cent of the available man-hours for the year.

## In Conclusion

Petroleum—with its inseparable partner natural gas—today bids fair to become, strategically apeaking, one of the most important single industries in the entire work.

Every day more and more people, here and the world over, reach their destinations petroleumpropelled by internal combustion engines.

Industrial equipment, the world over, is Julivicated by the products of petroleum. Every year more and more people enjoy winter comfort because of the extension of natural gas facilities.

Meanwhile, petroleum by-products, the extent of which is well-nigh incredible, reach into practically every phase of human existence.

The great development of petroleum and natural gas on behalf of the advancement of the standard of living has thus far taken place in the United States—which produces two-thirds of the world's oil from, as far as we know now, only one-eighth of its notential sources. But as reconstruction continues and other countries, who have become exposed to new techniques and acquired new ideals from wartime experience, try more earnestly to follow the American pattern of better living, who knows to what extent foreign petroleum resources may be developed? Petroleum today is the major key to national defense. Consideration of the significance of the Air Force, under modern circumstances, is sufficient to make this fact selfevident. More and more products of the petroleum industry will be needed as the rest of the world industrializes. Industry, for example, uses more than half of all the lubricating oil produced. As production and use of automobiles, trucks, beses, airplanes, locomotives increase still more petroleum products will be required. In peace, even as in war, civilization needs an ever increasing volume of petroleum.

The underlying characteristic of the petroleum industry—in view of the above considerations—is one of accessary and perpetual expansion. Its acreds are more urgent—and therefore it must always continue to extend its efforts to find, to transport, and to refine more oil, and to utilize natural gas, which is a partner-product of oil drilling.

It is the factor of necessity of continuing expansion, inherent in the nature of that industry, that has led Dresser to tie its future into the supplying of the machinery and the equipment required to aid that expansion.

While it is true that the domestic postwar shortage of gasoline and fuel oil has to a large degree been overcome, consumption continues to rise, and further exploration, as well as pipe line and refinery additions, therefore, represent normal requirements. Furthermore, many expansion plans previously projected, but delayed because of shortages of casing or pipe continue to be scheduled for completion.

Within the United States the search for more oil is by no means confined to exploration in new territories. Much of it consists of deeper drilling in oil fields; and this, in turn, requires the utilization of modern equipment specially adapted to the purpose, of the type built by Dremer.

Abroad, postwar reconstruction is speeding both the rehabilitation of old wells and the drilling of new once. Slightly more than 9% of Dresser's business last year was export, and an even higher percentage is anticipated in 1949. Petroleum now being shipped to the United States from foreign wells is currently tending to increase supplies in this country; but as more postwar refineries are erected in Europe and as recovery there leads to greater consumption, it may be that Europe will absorb a large share of the foreign petroleum output now consing here, thus restimulating drilling activities in this country.

Regarding natural gas, the current situation is well summarised by the fact that as of October 31, 1948, a total of 13,079 miles of gas transmission lines were either under construction or authorized, and an additional 14,657 miles, involving about \$991,000,000, were awaiting approval by the Federal Power Commission.

As to petroleum, the industry is planning to spend more than \$2,000,000,000 in 1949 in order to expand all operations from exploration to marketing.

These trends in the oil and gas industry—subject to the effect upon them of the general course of business—indicate Dresser sales and profit possibilities for 1949.

Respectfully submitted,

XII Mallon President

Cleveland, Ohio January 22, 1949

## CONSOLIDATED STATEMENTS OF INCOME

Years ended October 31 1948 and October 31 1947

Net Sales. Coar of Good Sole.	Oct. 31, 1948	Ended Oct. 31, 1947 \$80,895,199 60,833,068
SELLING, ENGINEERING, GENERAL AND ADMINISTRATIVE EXPENSES	\$ 29,305,356 16,598,700	\$20,662,131 12,661,958
Owner Incoma	\$ 12,706,656	\$ 7,580,173
Adjustments to reserve for doubtful accounts and property and related reserves		
to conform to income tax basis.	8 144,147	
Interest earned	72,313	30.365
Profit on disposal of depreciable assets (not).	73,017	80,156
Misoellansoun	122,036	361,899
	4 411,513	1 274,616
OTHER DESCRIPTIONS	\$ 13,11E,169	8 7,854,789
Interest expense,	8 433,979	4 179,943
Miscellaneous	36,247	17,960
	\$ 470,226	\$ 197,343
	\$ 12,647,943	8 7,656,846 8 7,656,846
Taxes on Income (estimated) Provision for the year		
Federal normal income tax and surtax	8 4,460,000	8 2.856,000
Canadian and state income taxes	104,000	54,700
	8 4,561,000	\$ 2,910,700
Adjustments for prior years (net)	45,521	306,957
TOTAL TAXES ON INCOME	8 4,609,521	8 3,217,657
Net Irone	8 8,034,122	8 4,439,109
Provisions for depreciation and americation, deducted above, amounted to \$1,467,867 and \$1,183,554 for the years ended October 31, 1948, and October 31, 1947, respectively.		

Inc. -----

## ACCOUNTANTS' REPORT OF EXAMINATION

Board of Directors, Dresser Industries, Inc. Clausiand Obio

We have examined the consolidated believe sheet of Dresserberteries, Inc., only in reducilaries as of October 13, 1708, and the coded. The stammatics was study as recordered with these coded. The stammatics was study as recordered with next 1819, accepted suchisms standards, and accordingly savived each tests of the accounting standards, and accordingly savived each tests of the accounting standards and accordingly savived

In our opinion, the orremponying belonce shoet and relate terminate of location and surplus present forty the reachidate of terminate of location and substitutes for a set of temberature at the laber 31, 1918, and the location is a set of the state for the year, in readstance with present overpred across ing principles applied on a hear requested with that of the ge-

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## CONSOLIDATED BALANCE SHEETS

October 31, 1948 and October 31, 1947

## ASSETS

## LIABILITIES, CAPITAL STOCK, AND SURPLUS

	Oct. 31, 1968	0- 11 1447	•	Oat. 31, 1948	On 11 1947
CURRENT Assets	UGL 31, 1946	Oct. 31, 1967	CURRENT LIABILITIES		
Cards	1 444.54	8 2,972,838	Notes payable		
Receivables	• • • • • • • • • • • • • • • • • • • •		Current portion of long-turm debt		\$ 1,169,797
Trade notes and accreed interest		8 632,003	Accounts psyable, etc.		6,306,188
Trade accessio		11,916,964	Advance payments an contracts	3,576,452	1,526,076
Other	755,543	119,170	Actrued		
	414 114 447	****	Pay colls and other compensation		1,556,381
Lass receptors	\$18,119,597 420,218	\$12,660,207 208,985	Taxes, interest, rest, etc	1,373,325	873,948
	424,216	FR.503		8 3,500,966	8 2 432 329
	\$17,699,279	\$12,269,302	Federal, state, and Canadian taxes on income (astimated)	5,120,354	3,669,926
Estimated refundable taxes on income of prior years (current portion)	257,563	353,116			
Inventories—at lower of cost (principally assurage cost) or replacement market			TOTAL COMMENT LABOLITIES	\$20,159,592	\$15,061,316
Finished products and parts		8 6,716,966	Long-Tunn Dust (New)		
In-process preducts and parts		10,976,810	Notes payable to insurance companies meturing in installments of varying		_
Raw materials and supplies	9,748,802	6,190,301	amounts from December 15, 1951 to December 15, 1962	\$12,500,000	•
	433,149,346	823.883.977	December L. 1947 to December L. 1956		
Loss privance payments from customers on contracts			Less amount included with current fichilities		7,500,000
			Lan server with derivat manner,,,,,,		1,100,797
	\$30,870,339	823,863,977	· · · · · · · · · · · · · · · · · · ·	\$12,500,000	8 6,390,365
TOTAL CURRENT ASSETS	\$53,3 <del>68</del> ,125	\$39,179,293	CAPITAL STOCK AND SUMPLUS (Note)		
INVESTMENTS AND OTHER ASSETS			Capital Mack		
Investment in capital stock of other company	8 150,000	8 150,000	Authorised (at October 31, 1948)		
Estimated refundable taxes on income of prior years	16,297	295,711	118,200 shares perferred (per value \$100.00 a share) and 2,400,000 shares common (per value 50c a share) of which 145,500 shares were reserved		
Trade notes receivable maturing after one year	714,416		ing community of majoraty or minery 1497ang money sensitives		
Miscellaprous receivables, ste.	293,820	130,575	Outstanding		
TOTAL INVESTMENTS AND OTHER ADDRESS.	- 1 100 000	8 376,786	Preferred stock (cumulative) 334° series (convertible prior to Suptember		
	\$ 1,174,533	3 3.0.290	15, 1955; redeemable at \$107.50 a share to Suptember 15, 1950; and at		
PROPURTY, PLANT, AND EQUIPMENT-Major portion at cost less reserves for depre-			reducing prices thereafter to \$101.00 after September 15, 1955)-		
ciation and americanism. Includes fully-americand sour-amergency facilities of			58,200 shares at October 31, 1918, and 58,800 shares at October 31, 1947	\$ 5,820,000	\$ 5,880,000
\$2,323.692 and \$2,316.647 at October 31, 1948, and October 31, 1947, respectively.			Common stock 1,095,137 shares	\$47,569	347,549
Land and land improvements  Buildings		\$ 815,369			
Machinery and equipment, etc.	6,773,200	3.205.312	Surplus	8 6,367,369	\$ 6,427,569
Mecanick and educhment sec	20, 101,967	17.250,265		\$12,777,733	\$12,522,836
•	828,152,603	\$23,391,006	Earned surplus	18,120,470	11,333,131
Less reserves for depreciation and amortization	13,310,906	11,800,158			
Torse Paorears Ner	211 211 427	****		\$30,848,203	821,036,277
	\$11.811.697	\$11.500,928	TOTAL CAPITAL STOCK AND SCHOLLS	131,245,772	330, H3,814
Patents.		1			
Descente Cuances				146,025,341	20E,REP. [ 28
Prepaid insurance, deferred taxes, etc.	311,00A	7,19,186	CONTINUENT LINEILITY		
	A10.047.7	411 000 0.5	Trade notes discounted -\$117,316		
	869,925,361	\$51,93H, <b>3</b> 65	Son note to financial statements.		

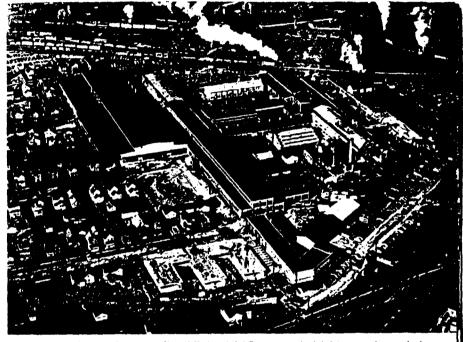
## CONSOLIDATED STATEMENTS OF SURPLUS

Years ended October 31, 1948 and October 31, 1947

	Your Ended	
Capital Scholin	Dat. 31, 1948	Oat 31, 1947
Belance at beginning of year,	\$12,522,826	\$12,520,851
Adjustments to property and related tracerum of subsidiery componies (at date		
of sequinities) to conform to income tax basis	250,907	
Difference between par value and cost of professed stock purchased and con-		
celled during the year	4,000	1,975
BALANCE AT EM OF YEAR	\$12,777,733	812,522,826
EARNED SURPLUS	-	
Belance at beginning of your	\$11,533,451	8 7,131,840
AM		
Net income for the year	8,038,122	4,139,189
Credit resulting from settlement of renegotiation for the focal year 1945		184.047
	\$19,571,873	811,755,076
Deluct		
Cash diridenda paid		
Professed stock-\$3.75 = share	8 219,375	\$ 221,625
Common stock-41-125 a share.	1,232,028	_
•	\$ 1,451,403	\$ 221,625
BALANCE AT END OF YEAR	\$18,120,479	811,533,451

## NOTE TO FINANCIAL STATEMENTS

New-To addition to certain requirements relative to makes mann of net current seeds, the love apresents, in effect of October 31, 1984, and the terms of the Professor Steak 354 % Surion aminist provisions restricting corned cupiles to the rescut of \$9,911,927 and \$14,191,500, respectively, in describing the corners of seath continue called the continue of the corner of the continue of the c Common Stock or of Ottober 21, 1918. The terms of the Professed Stock, 31% % Stockes also provide, under excisa conditions, for the purchase soft relienment of those of each stock, nameably to Agril 13, 1925, to the ottool of 1% of the shores theretofare inseed and for the purchase and retirement theretofare to the except of 1% canadia of the shores theoretical inseed.



Additions to buildings and equipment at Olean, N. Y. plant of Clark Bros., commenced early in 1940, are just about completed.

## RECENT ADDITIONS TO PLANT AND EQUIPMENT

Plant modernization—and the replacement of old or obsolete machinery and other equipment with new— \$2,003,000 for the former—\$8.532,000 for the latter are Dresser Industries' answers to the greatly increased competition for business which it is expected will materialize in the days ahead.

Now largely completed, this rehabilitation program has been in progress since the closing days of the war and, in one respect or another, has involved the buildings and equipment of practically all of the Dresser companies.

Improvements to existing manufacturing facilities and additions to them were launched just as rapidly following the war as materials could be secured.

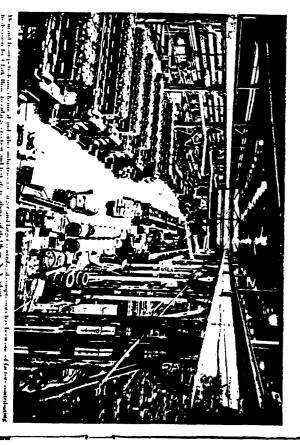
Nearly all of the contract commutations for factors construction, which has included the addition of more

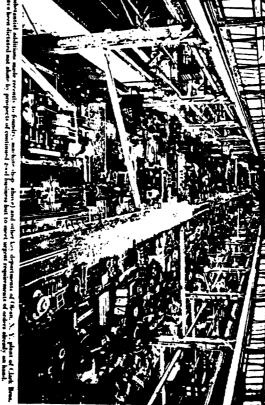
than 37% in plant floor space, were concluded before building prices had made much headway in their climb to present levels.

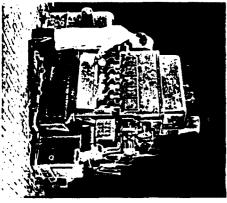
Machinery purchases were, for the most part, negotiated on equally attractive terms—with an appreciable amount of the new testing secured from War Surphos sources. Machines obtained were of modern design and in first class operating condition.

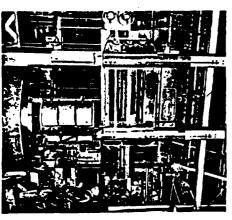
Viewed in retro-pect, the program not only appears to have been well justified; but also to have been consummated with an approxiably sigiller investment than would be required today or for some time to come.

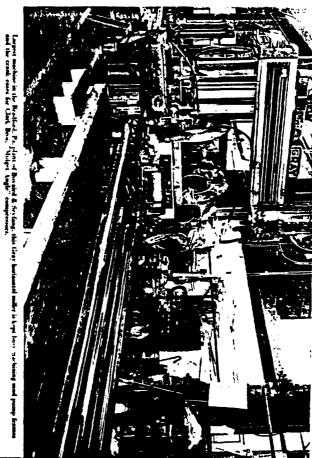
It should also prove to be an advantage to have the costs and confusion of these alterations to plant and equipment already accomplished to Dieser enters the









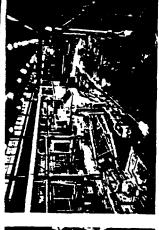


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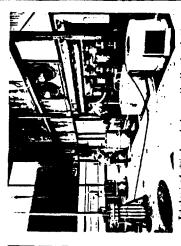
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New Mominum Building of Stares Bees, Carcinnali, pro-merh-needed space for accountly of formed tube oretinas.



Estarged function of Clerk, Brez, Okean, N. Y., is Then word in medern facilities for modifing and poseing large racings.



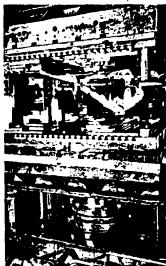


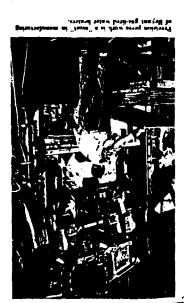
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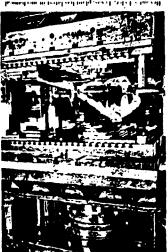


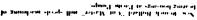


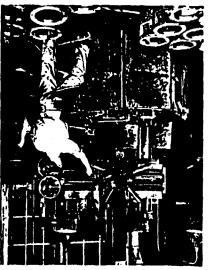


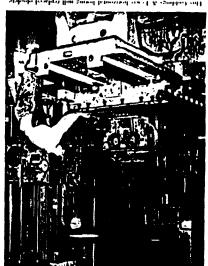




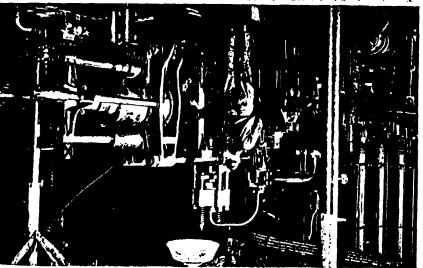


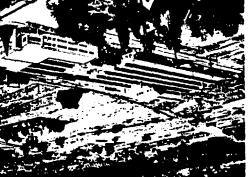




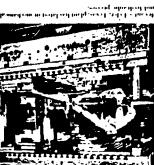


Sew equipment intellied early in 1918, in plant of Dessey Manufacturing Division, Brasiloch, Ba., included this 100-ton Furging and double early intelligence. Martine has been especially designed for odd forming at small dismerter coupling parts.

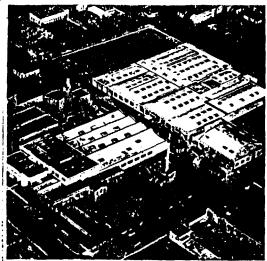




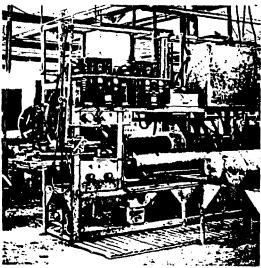
Arrial view of Monrosta. Calif. plant of Dee's Sight Nacularisming above an according to the following the second control of the sec







Recent additions to Beverly Hills, Calif. plant of Payme Furnace Company have added approximately 50 per cent to original floor space.



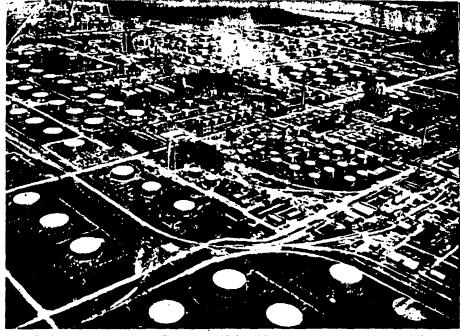
Submerged are webby at 11 c. A. Night performs three operations at once, joining



Ruller conveyor lines in Tyler, Texas, plant of Bryant speed assembly of gas water heaters.



Paneless features and reflectors are formed on this Dreis and Kening Dutation press at Day & Night.



Installed in this large refinery in southern Texas are 29 Clark "Right Angle," gas engine driven compress to talking 15,900 BHP.

# DRESSER PRODUCTS PACE THE FIELD

Continuing research into synthetic fuels, gas turbines, usygen plants and the like are presenting challenging opportunities to many. Presser companies to build the equipment required to make such developments commercially practicable.

For example, one of the oldest Dresser companies, Dresser Manufacturing Division, has specialized so successfully in the development of couplings for water, oil and gas transmission lines that tolay it can supply, as a matter of course, not only the outsize couplings required for the tremendous water conduit of a large hydroelectric project, but the very small compression couplings used in the circuits of hydroelectric project.

Roots-Conners ille, well known for its positive pressure blowers, has found in the chemical and associated industries a rapidly growing market for its newer centrifugals as well.

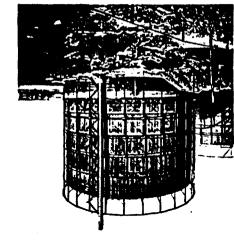
Another recent development of potentially great promise links Clark Bros, with Frederic Flader, Inc. in the manufacture and sale of gas turbines and axial compressors to be engineered by the latter for general industrial use.

From oil well to relinery to pipeline to storage is the range of product coverage of others of the ten Dresser companies, which today constitute the only group that undertakes to build so complete a line of equipment and accessories for the oil and 235 ordinates.

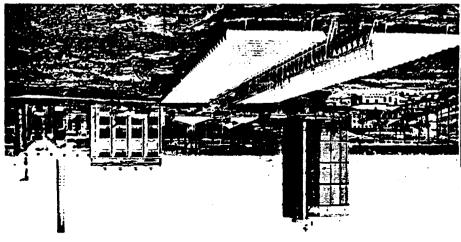


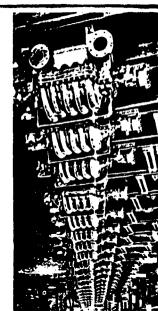
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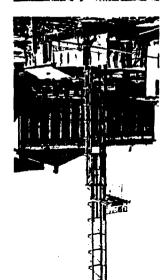




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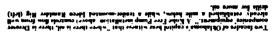


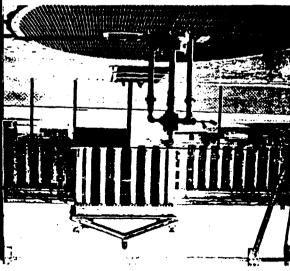


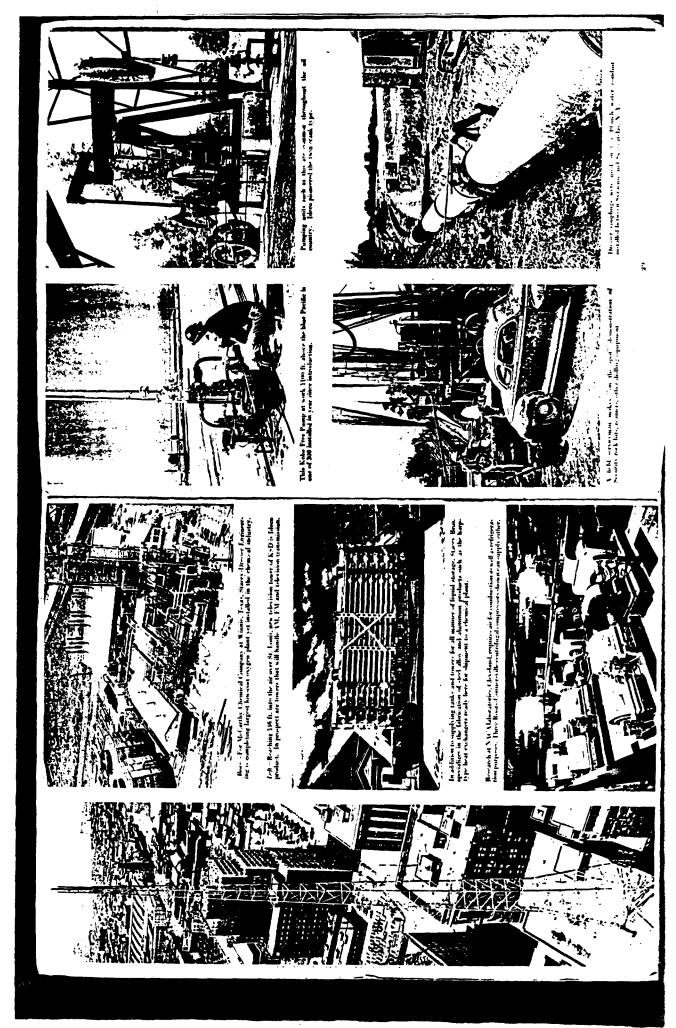


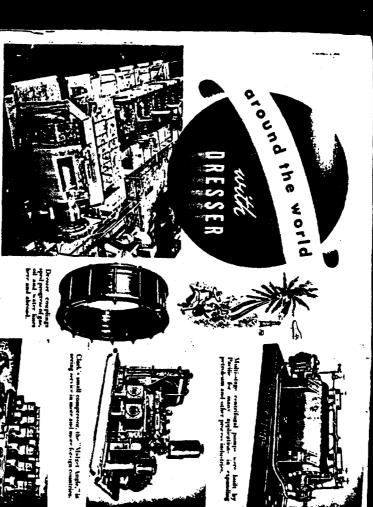
consists on property our soul what was se country day but he becomes most sorter were united by from some story and what was security as soult any successful country sorter.

Lower by ... Designed and built by Pariste, these multi-stage centrifugal pumps are decisioned to little anter for the fields of mentern (Linux.









Airpart Equipment Alloy Febricated Equip Auminum Fabricated Equip Direct Engines
Draw Works Drilling Rigs, Reday Drilling Tools Drilling Rigs, Partable

lite, Trigger
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Blacks, Speed
Blacks, Speed
Blacks, Traveling
Blacen, Centifugal
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Beldien Fittings **Naid Flow Compr** idings, Standard Steel ng, Heat Treated Screen Eschangers, Heat Exhausters, Centrifugal Fishing Took Fistings, Boltlen Fistings, Welling Gas Can

Hest Eschangers Hoiste, Hydrair

strifugal Blowers

Hadden, Gas Hade Openers Hande Draft nisental Duplex Com-

Largest of filero's Power Rig units --west to Canada, South and Central American and other countries in 1931.

Security white of rock hite hit new bine in well-, new higher in sales column.

For many years Clark has sent high compressors to European Far East and South Sources.

Hydrair Hoists
Hydraile Pumping System
Hydro Rotary Units
Inert Gos Generotare arks. Pumping Gas.

Ampresson, Axial Flaw Ampresson, Balanced Oppound, Electric Drives Herisantal

Multi-Stage Centrifugal Compressors the Pumps, Triplex Meters Pusitive Displace-Jacob Pre-Packed Gravel Rigs, Portable Drilling Rigs, Power Rigs, Rutary Drilling T. odin Tours ladio Masta mp Liners mpa, Streem Turbine mps, Triples Shash

Compressors, Midget Angle Compressors, Right Angle Strom-Fagine Driven

Marta Portable Marta Radio

Nama Kwik-Life

Compressers, Harizontal Daples

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Oxygen-Producing Plants
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Samuel Unite erable Drilling Rige Porteble Maste ower Rigo

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RODUCTS DRESSER

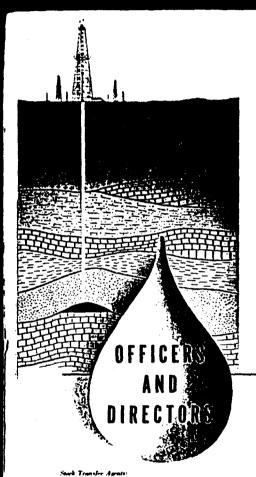
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MANA OF AMERICA NATIONAL PROOF AND ASSISTED ASSISTA

# DIRECTORS

PRESCOTT S. BUSH

NORMAN CHANDLER

C. PAUL CLARK

WILLIAM V. GRIFFIN

OSCAR M. HAVEROTTE

H. N. MALLON

WILLIAM A. MCAPES

J. B. O'Connon

Antaica R. Wais

# OFFICERS

H. N. MALLON

J. B. O'CONNOR Escusies Vice President RUDOLPH E. REINER Fice President Secretary and Treasur

C. PAUL CLARK Fice President

ARTHUR R. WEIS Vice President

PRESCOTT S. BUSH WILLIAM A. MCAPER H. N. MALLON

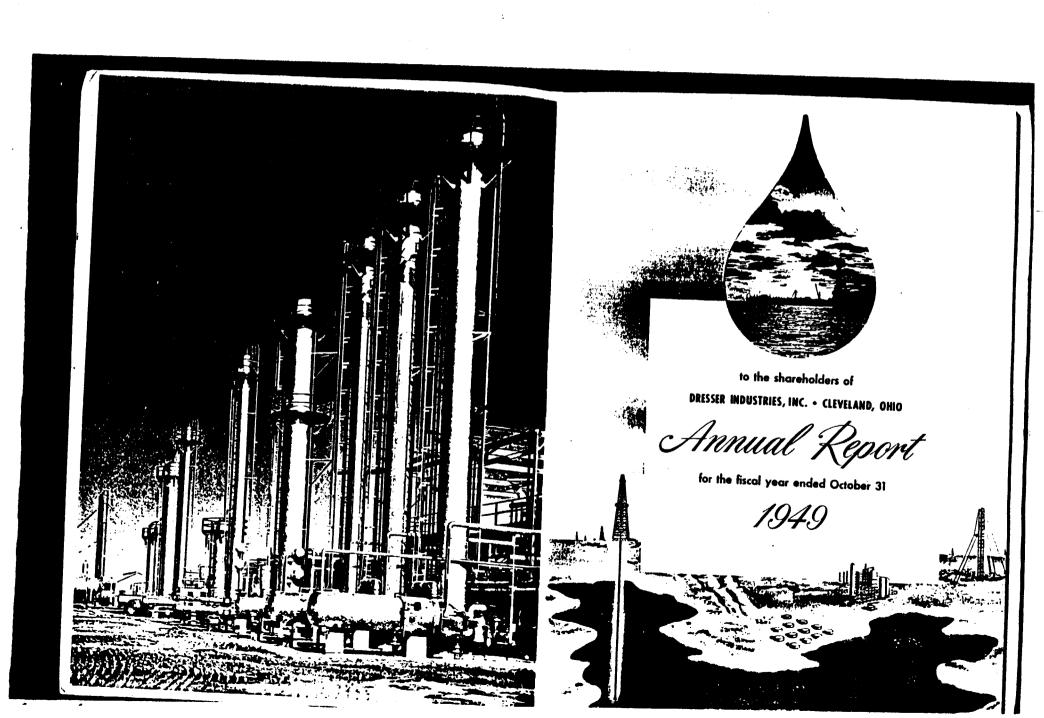
J. B. O'Connon

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Perkered Stock I rating NAME OF STREET





A GROUP OF
COMPANIES UNDER A
COMMON OWNERSHIP

# DRESSER INDUSTRIES INC.

Parent Corporations Dazsen (vocstage, ive

Duzssen Indestruct, Inc. Checkund, Ohio

Subaldiary Companies: Bovanu & Severna Manifecturing Courant Bradford, Pa.—Founded 1891

CLARK BROS. Co., INC.
Olean, N. Y.—Founded 1880

Dresser Manupacturing Division Bradford, Pa.—Founded 1880

DRESER MANUFACTURING COMPANY, LIMITED Tarrito, Ont., Canada—Founded 1931

INTERNATIONAL DEBRICK AND EQUIPMENT COMPANY Columbus, Marietta and Delauare, Ohio; Beaumont and Dullus, Texas; Torrance, Calif. —Founded 1920

Kosa, Inc. Hustington Park, Calif.—Faunded 1923

MAGNET COVE BARIUM CORPORATION
Housson, Toxas—Founded 1940

Pacific Pumps, Inc.
Huntington Park, Calif.—Founded 1923

ROUTH-CONNERSVILLE BLOWER CORPORATION
Connertitile, Ind.—Founded 1854
SECURITY ENGINEERING CO., INC.
Whittier, Calif.—Founded 1931

THE STACEY BROS. GAS CONSTRUCTION COMPANY Cincinnati, Okio—Fuunded 1913

# **Financial Highlights**

FOR THE YEAR ENDED OCTOBER 31, 1949

•						·	•	No.	•.		. 12- . 12-	
	Number of Preferred Shareholders	Number of Common Sharehoklers	Common stock outstanding (shares)	Payroll (wages and salaries)	Net Worth (espital stock and surplus)	Property, Plant and Equipment (net)	Working Capital	Backlog (unfilled orders)	Earnings per common share	Net Income	Net Sales	
	34.5	3.330	1.095.137	₹21.H3.053	838.652.127	\$11.088.662	\$35.621.663	\$18.970.540	\$3.02	\$ 3.525.182	\$80,629.205	•



January 26, 1950

TO THE SHAREHOLDERS:

Presidents Letter

In summarizing Dresser's earnings, sales and operations for 1919, it is necessary to remind you again, as we have done in our Quarterly Letters throughout the year, that in January of 1919 we dispused of our three gas appliance companies in order to devote our entire efforts and capital to expanding the business of our ten oil and gas equipment companies. For some years, these units have constituted the major part of our business and we intend to keep the leadership they have enabled us to attain in our chosen field.

A fair comparison between 1949 and the previous year must, therefore, he based upon the performance of these ten companies. In 1949, they earned \$2,846,379 on sales of \$76,183,580 as compared with earnings of 85.792,108 on sales of \$79.165,637 in 1948. The lower earnings ratio was due in part to the return of severely competitive conditions, in part to inventory write-downs on high-priced materials originally acquired under shortage conditions, and a disproportionately high volume of sales of products having a low profit margin.

Totals for the year, however, include two months' operations of the three gas appliance companies and the capital gain resulting from their sale. In the first two months of the fiscal year here reported, these three companies carned \$300,261 on sales of 84,146,225 and their sale resulted in a capital gain of \$378.542. Dresser's total net profit for the year, therefore, was \$3,525,182 on net sales of \$80,629,805, equivalent to \$3.02 per share of Common Stock.

strengthened Dresser's each position. As of October 31, 1949, Dre--er had \$12,828.745 in cash and government bonds as contrasted to \$1,140,811 at the end of the previous year, and its ratio of current assets to current liabilities was 5.2 to 1, as compared to 2.6 to 1 at the end of the previous year.

## Acquisition of Majust Core

In the Fall of 1919 an opportunity arme whereby Dresser could make advantageous use of a portion of the cash proceeds from the sale of its gas appliance companies for further development and expansion of the company's supply and service

This opportunity was the acquisition of the Magnet Cove Barium Corporation of Houston, Texas, on November 2, 1949. All the common stock of this company was acquired by Dresser for approximately \$2.800,000 in cash plus 17,515 shares of Dresser Common Stock. A condensed balance sheet of Magnet Cove, as of October 31, 1949, is shown at the conclusion of this letter.

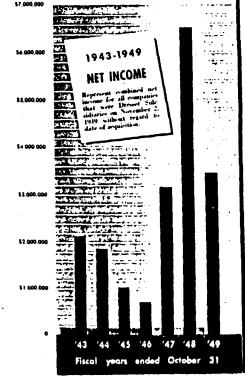
Magnet Cove's major products consist of mineral and chemical compounds used in the preparation of drilling "mud." In rotary drilling, this vital and carefully compounded "mud" fluid is forced down through the drill pipe and up again between the pipe and the well wall, to cool the drill bit, to remove cuttings, and to control the high formation pressures encountered in drilling. Called "mud" because in early drilling history mud available on the job was actually used for this purpose, drilling fluids today consist of scientific compounds manufactured chiefly from barite. bentonite and other clays. The company utilizes as its mujor raw material its brased dejunity of barite located at Magnet Cove in Hot Springs County, Arkansas.

Magnet Cove is today one of the largest producers of barite in the country and offers the oil industry a complete drilling mad service, including a numbern laboratory staff with skilled personnel for product development and quality control, a complete line of mud materials to meet various deilling needs, field engineers and laborators equipped cars to assist at the drilling rig, and a dealer organization offering prompt day and night pervice from more than 250 warehouse locations.

The use of mud compounds has increased in the

last few years both in total quantity and in the relative amount used in drilling activity. There is goal reason to believe that their use will continue to grow relative to drilling because of the trend to deeper wells which requires more and heavier mad fluids. Today's spectacular drilling achievements are made possible in part by the use of these scientifically prepared drilling fluid- umber the careful control of skilled mud engineers.

Magnet Cove is important in rounding out still further Dresser's service to the oil and gas industries. In addition, it brings to the Dresser line another group of supply products which are expended in drilling operations. Many other Dresser products are longer-term capital equip-



The sale of Dresser's gas appliance division

ment items, such as pumps, compressors and drilling rigs.

Magnet Cove's estimated earnings for 1919, calculated on the basis of Dresser's presently outstanding charcs, amounted to about 70 cents per share of Dresser Common.

# Plant Improvements

During 1919 Dresser continued its program of plant improvement and modernization, spending approximately \$3,700,000 for this purpose. No new plants were built, but existing plants were provided with new, modern machine tools and other productive equipment, and plant alterations and additions were made where more economical operation would result. The year's efforts along this line represented the culmination of a carefully planned postwar program of plant rehabilitation and it is therefore contemplated that expenditures during 1950 for such purposes will be limited chiefly to normal replacement requirements.

## Dividende

Four dividends were paid on the Common Stock during the last fiscal year; one of 3732 cents, paid December 15, 1948; and three of 50 cents. paid respectively on March 15, June 15 and September 15, 1919. The Common shareholders, therefore. received \$1.8714 per share during the company's fiscal year. On November 18, the Directors declared a quarterly dividend of 35 cents per common share which was paid to the shareholders on December 15, 1919. The usual quarterly dividends of 931 cents per share on the Preferred Stock were paid throughout the year.

# Change in Executive Headquarters Location

About May I, Dresser will move its executive offices from Cleveland, Ohio, to Dallas, Texas. Recent events have made Cleveland no longer the center of Dresser's manufacturing and sales operations. The sale of the gas appliance companies. whose overall operations were directed from Bryant Heater Company, eliminated all manufacturing operations in Cleveland. The transfer of the headquarters of International Derrick and Equipment Company to Dallas and the acquisi-

## 7 YEAR FINANCIAL SUMMARY

Light figures pertain to Dresser Industries, Inc. and Consolidated Subsidiaries. Dark figures represent totals for all companies that were Drewer Subsidiaries on Newmber 2, 1949 without regard to date of sequestion and, therefore, include Magnet Core Barium Corporation and exclude the three gas appliance companies which were sold during 1949.

Net Sales (Nate A)
Profit before taxes on income (Note 4
Taxes on income (Note A)
Net income (Notes A and B).
Working capital
Property, plant, and equipment (net
Expenditures for property, plant and equipment
Net worth (capital stock and surplus Note A)
Book value per common share (Note C
Earnings per common share (Note C
Dividends per common share (Note C

[919	1914	1917	1916	1945	1944	1913
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85,428,206	90,139,591	63.511,002	42,365,581	55,461,252	\$8.394.483	\$9,495,143
8 5,679,257	\$ 12,617,913	818,523,T 8	\$ 1,006,303	\$ 8,091,332	\$ 5,550,664	\$ 6,339,145
5,524,405	10,072,689	5.215,411	419.401	4,057,701	6.500.101	7.445,867
\$ 2.145,075	8 1,609,521	8 3.21T.65T	8 30,932*	\$ 5,911.157	8 3,975,589	\$ 4,705,295
2,100,912	3,531,676	2.025,364	300,531	3,625.453	4.622.244	5.298,984
8 3,525,192	\$ 8,03H,122	8 6,139,189	8 1.037.235	\$ 2,805.A75	\$ 4,575,075	\$ 1,633,820
3,300,573	6,510,963	3,160,972	606,700	1,636.326	1.877.857	2,146,901
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311,688,642	\$ 11,811,697	#11,500,928	\$ 9,877,254	\$ 7,311,331	8 4.131.796	\$ 1,311,883
15,450,414	12,427,569	10.062,872	8,234,866	7,106.461	7,254.539	6,997,500
8 3,709,000	8 4,575,000	£ 2.926,000	\$ 3,031,0±00	8 1,831,000	\$ 661,000	\$ 643,800
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438,652,127	8 37,265,772	630, IA3,816	\$26,110,259	\$21,915,273	\$11.241.195	\$ 9,682,83
38,957,069	37,517,702	30,625,676	26,393,912	25,739,444	19.020.978	16,798,54
\$30.04	\$28.69	<b>#22.14</b>	\$ 18.12	\$17.85	£16.06	\$14.45
29.84	29.49	22.25	15.26	13.14	. 17.10	15.10
8 3.02	\$ 7.14	# 3.#3	8 .71	\$ 1.98	£ 2.25	\$ 2.11
2.06	8.66	2.64	.42	.93	3.69	1.93
8 1.875	\$ 1.125		\$ .30	\$ 1.10	£ 1.00	\$ .87

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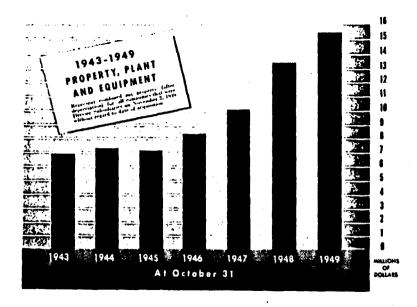
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Fiscal years ended October 31

ALLEGE AS



tion of Magnet Cove Barium Corporation repretent a further shift in emphasis to the Southwest.

Furthermore, the main volume of the world's oil and gas equipment business is done in the Southwestern United States. Although Dresser's sales operations are world-wide, we feel that it is vital to get as close as possible to what is now our largest market.

## Changes in Essentive Personnel

When the headquarters of International Detrick & Equipment Company were moved to Dallas, Texas, J. Mark Gardner was elected President of Ideox following the resignation of Oscar M. Havekotte. Mr. Gardner brings to Dresser a wealth of practical oil well-drilling knowledge and a broad lusiness experience that we are confident will care, Ideox forward in coming years.

Eric A. Haschar, who has been General-

Manager of Stacey-Dresser Engineering Division (Cleveland), was elected President of the Stacey Bros. Gas Construction Company (Cincinnati) upon the resignation of its former President, W. E. Gruening. The Stacey-Dresser Engineering Division of the company was transferred to Cincinnati, with all operations of the company consolidated there under Mr. Flaschar.

## Employee Relations

Relations with employees of all Dresser subsidiaries have remained on a satisfactory and stable hasis. Those companies whose employees are represented by unions concluded collective lorgaining agreements extending variously from July, 1950, to November, 1950. These agreements were accomplished with an attende of realism and mutual understanding being taken by employees and the unions who represent them. Economic conditions and the business prospects of the parties

ular company involved were given full consideration. No no-called "pattern settlements" were made.

Despite the fact that 1949 was the second must coulty year in the industrial history of our country, as measured by strikes and work stoppages, every Dresser company operated throughout fiscal 1949 without a single man-hour being lost because of labor disputes. Constant effort is being expended to continue these mutually satisfactory relations with our employees.

## Company Objectives

In the following pages of this report are described specific instances of the way in which various Dresser companies all join to contribute to filling the equipment requirements of the oil and gas industries. It is our intention to continue to make Dresser more and more necessary to the organizations which explore and drill for gas and oil, those which produce and transport gas and oil, and those which refine these products for the consumer.

We can do this in part by adding to our product line through the acquisition of new companies such as Magnet Cove—but it is our intention to do this chiefly by improving the products of our existing companies, and developing new and additional products which can be merchandised by the present Dresser companies. Dresser products are now sold competitively to practically every segment of the oil and gas business, and Dresser companies intend to compete still more successfully through the development of other specialized equipment in the fields in which they already have broad experience and knowledge. The research and development departments of our various companies are constantly working toward this objective.

## Foreign Business

Devaluation of currencies and continued dollar abortages throughout the world are making it increasingly difficult for American companies to sell abroad. Nevertheless, since many nations are anxious to develop their petroleum resources, oil and gas equipment should continue to receive priority in the allocation of dollar halances held by oil-producing countries. Within recent months Dreaser companies have booked orders in substantial amounts for shipment to Argentina, Italy, France, Holland and Yugo-lavia. Payments will be made in dollars before the goals leave this country.

## Prespects

Long-term indications continue to point toward the need for extensive new exploration and drilling by the oil and gas industries to meet growing

Barite mine of Dreser's newest subsidiars. Marnet Cove Barium Corporation, located in Hot Springs Counts, Arkaness.



consumer requirements. The current outlook is somewhat less favorable. We are experiencing the second of two unusually mild winters which have resulted in an unprecedented building up of fuel oil storks. Gasoline storks are also somewhat higher than a year ago and crude oil production has been cut back from the revord levels of 1918. These and other related factors, such as the changing export-import situation, indicate that there may be no immediate acceleration of drilling activity in the United States.

In normal years, Dresser's business slows slows in the Winter, partly because oil companies' capital equipment budgets are usually set after January 1, and partly because in many sections of the country weather conditions make both deliveries and drilling operations difficult until

Spring. Los sales volume is therefore anticipated by Dresser for the first quarter of this year, improving substantially as the year progresses.

In the long run, as circumstances become favorable to an expansion of the world's total oil and gas equipment husiness, we expect to get our share; and we believe that our share will be larger than ever before.

Respectfully submitted,

Mallon

Cleveland, Ohio January 26, 1950

# MAGNET COVE BARIUM CORPORATION BALANCE SHEET October 31, 1949

ASSETS		
Consist Assers  Cosh.  Notes and accounts receivable.  Less: Reserve for had debts.	\$ 998,684 \$7,180	\$ 367,912 911,124
laventories		2,098,787
Total Cerrent Assets. Investments and Other Assets		\$3,378.153 113.193
PROPERTY, PLANT, AND EQUIPMENT Less: Reserves for depreciation.	\$2.116,86 <b>8</b> 716,116	1,370,752
Deverage Charges		\$75,759
•		\$5,130,157
LIABILITIES, CAPITAL STOCK, AND SURPLUS		
Cenner Leasterine Notes and accounts payable Accepted Babilities Liability for taxes on income (estimated).		# 171,254 116,178 302,198
Toral Conner Languerus		\$ 202,430
Land Tema Dant		gun, und
Carrent, Sping and September Profession and American Common atom Common atom Eastern Common and Common Comm	1.875,000	1615.227

# CONSOLIDATED STATEMENTS OF INCOME

# DRESSER INDUSTRIES, INC. AND SUBSIDIARIES

Years ended October 31, 1949 and October 31, 1948

	•	i nded
W Ø .	Oct.31,1919 880.629.805	0rt. 31, 1948 £148,636,310
Net Sales	818.114.14	79.331.541
Chit of Courts Social		
	19.011.957	29.345.156
SELLING, ENGINEERING, GENERAL AND ADMINISTRATIVE EXPENDES	13.180,199	16.598.7m
	Hi∓, 1 اقتر	12,.46,656
OTHER TYPUER  Gain on sale of net assets of subsidiary companies	435,010	
Interest earned	176,313	72.313
Profit on disposal of depreciable a-erts (net)	23,129	73.01
Adjustments to reserve for doubtful accounts and property and related reserves	20,127	
to conform to income tax basis		144.147
Miscellaneous	100,264	122,936
	751,721	411.517
•		
Oruge Department	6,284,179	13.118.169
Interest expense	473,651	133,979
Miscellaneous	113,571	36.21
	619,333	170,220
	5,670,257	124:14:1
Taxes on Income		
Provision for the year (estimated)		
Federal normal income tax and surtax	2,326,000	6. Joses, com
Canadian and state income taxes	#2'\mm	ios L.onia
Refundable taxes on income of prior years arising from earry-back of oper-	***	
ating luces of certain subsidiaries	301,000*	
	2,107,000	1.564.ink
Adjustments for prior years (act)	38,075	45.52
Torse Taxes on Induse	2,145,075	1,644,52
Net Isome	8 3,525,182	e sareli:
Provisions for depreciation and amerization, deducted above, amounted to \$1.61.1,326 and \$1.167,167 for the years ended October 31, 1919, and October 31, 1948, respectively.		
*Indicates red figure.		
See notes to financial statements.		

Buard of Directors, Dresser Industries, Inc Gleveland, Olion

We have efformed the combidated balance short of Bernor Industries, for and or subsolicates as of thicker B1 1909, and the prized accessment of commoditated many and output for the prized accessment of commoditated many and output for the great sills are speed undertun translate, and a control industries are sufficiently and a control industries of the accessment of the

In our opinion, the excumptioning belone where and extremely of morner and simpling recent further the considerate historial particles. The property of the pr

FRANCE Exercised France Communication

the enter v. tur

65,148,157

# CONSOLIDATED BALANCE SHEETS

No.

# DRESSER INDUSTRIES, INC. AND SUBSIDIARIES October 31, 1949 and October 31, 1948

# ASSETS

Coath (Nate 4)	8 7,821,725	8 4,1M.B41
Less amount applied against retinasted liability for federal taxes on income	2,000,020	
	2,926,298	}
Trade and accrised interest	1,150,336	511.0.13
Other	9,025,035	15,543
	10,175,371	18,119.39
Test constants	372.113	12821
Formation of the second	10,102,958	17,690,379
Investories—at fauer of cost (principalis arrage cost) or replacement market	•	3
Finished products and parts	10,647, 796	10.962.682
In-process products and parts	7,636,188	12.737.864
Raw moterials and supplies	3.851,010	9.748.891
	21.188.246	33,419,348
Less advance payments from customers on contracts	187125	2.579,409
	** B66.959	30.870,339
TOTAL CIRRENT ASSETS	11,009,151	53,368,125
INVESTURATE AND UTHER ASSETS		
investments in capital others of other companies.	000,050	
Trade mater certition able materials after one teach	2 7	2
Mirrellanewas corrivables, etc.	165.13	143.820
Toric Internants and Orner Assert	1.166.950	12. 1.11
1		
Land and land improvements	2002,000	336
	6.345.74b	6.7.3 180
	14311.335	20, 801,46.
	2b.6 (9),036	28,152,643
Less tevers to far departicion and americation	12,5an,371	13,310,416
Toric Pastern Ner	1. Jan. 144.2	1.811.6
Puthate	-	_
Derman Counces		
Prepaid incurance, deferend faces, etc.	331.851	311.116
~	The state of a	2440 0000 3000

# LIABILITIES. CAPITAL STOCK, AND SURPLUS

		A TWESTA
Accrecia	3,392,738	3.57.65
Pay colls and other compensation [1003,214] Taxen, interest, cest, etc.	11 C 12 C 13 C 13 C 13 C 13 C 13 C 13 C	13341
no income (retirented)	86.5	1.54.986 5.170.336
	1 21	1
ì	172.273	5.13.336
Toru. Cinnery Lamirries. 8, 167,791	<u>7</u>	W. 19.39
Lowe-Teau Dear (Nee B)		
Notes payable to insurance companies maturing in installments of varying amounts from December 15, 1951 to December 15, 1962.	1470,04	13.5ev,apr
CAPITAL STOCK AND SCIPPLUS (New . I and B)		
Cepital strack		
Authorized (at October 31, 1919)		
common far when the state attach of which 10,530 shares were reserved		
Ontstanding		
Preferred stock (cumulative) 31, C. series (convertible prior to September 15,		
real resemblers to the Statement of September 15, 1953; and at reducing prices thereafter to \$101,00 after September 15, 1953) —		
	3.730,000	3. Normal 3. E. May
See Control	17.17	4 A
Seatletes		
Capital surplus	M. 3 Feb	11
Extend surplus	HI-11	13,120,120
12.01.18.1.18	77.75	Po . P. C. 30.5
Torus Course Stoke and Supplied	117	4
Elejela, F	212.1	400 1. 1at
GANTAGAY LAMILTA Trade notes discounted (2011.95)		
See Bules to businial statements.		

# DRESSER INDUSTRIES. INC. AND SUBSIDIARIES

Years ended October 31, 1949 and October 31, 1948

# CONSOLIDATED STATEMENTS OF SURPLUS

•	Yeur	Ended
Capital Sumples	Oct.31,1949	Oct.31,1914
Balance at beginning of year	\$12,777,733	\$12,522,826
Adjustments to net assets (income tax necruals and refund claims and property		
and related reverses) of subsidiory companies at dates of acquisition	188,167	250,967
Difference between par value and out of preferred stock purchased and can-		
selled during the year	14,150	4,000
BALANCE AT END OF YEAR	\$12,980,350	\$12,777.733
EARNED SUBJECTS		
Balance at beginning of year	\$18,120,170	\$11,533,451
Add not income for the year	3,525,182	8,639,122
	21,615,652	19,571,873
Deduct cash dividends paid		
Preferred stack.—43.75 a share	218,062	219.375
Common stock—\$1.875 a share in 1919 and \$1.125 a share in 1918	2,053,382	1,232,028
	2,271,644	1.431.403
BALANCE OF END OF THEE	\$19,371,208	\$18,124,474

## NOTES TO FINANCIAL STATEMENTS

Computation authorized the purchase of all the record and out-transling remaining shirt of Magnet Give Baroon Computation for approximately \$2,000,000 and \$7,755 additional distort of Comapproximately \$2,000,000 and \$1,315 adolessmal above of Com-tion Start of the Corporation, and authorized the isomorphic of and \$1,515 aboves of Common Stock. At the takes \$11, 1000, the Computation had deposited in emerics founds to cover the journal prior of aboves to be argumed for each.

Note B—la addition to certain requirements relative to maintengane of net current news, the him agreement and the terms of the Preferred Stock, \$5₄. Series contain perturbative pretraining earned neplacities to the extent of \$10,727,545 and \$1,687,541 respectively, in determining the administ of such outglus as adalable for payment of devidends on Common stock as of theodory the 1989. The terms of the Preferent Stock, 11, Seems also provide, under errram conditions, that the Corporation shall, and

Non-d—the thresher 20, 1999, the Board of Directors of the appeal 15, 1955, set uside an amount outliebest to purchase for reservoirs authorised the purchase of all the resuled and out-41 4 pears of \$100 per share. Thereafter the Commercial shall me In 2', of the aggregate par value of cat the total member of charge inserd, best (b) the aggregate number of chates converted into

Note C = As of December 31, 1916, the Corporation add the not seem of there of its subsolute companies (Breant Heater Company, Payne Fuenare Company, and Pay & Night Manu-factoring Company) to Affiliated tion Equipment, Sur. Results of operations of these companies are included in the accompaning Matements in the ember 11 , 1916.

Note D. Net assets borated in Canada are relatively minute and at th tider 11, \$219, have been im feiled after appropriate adjust ment for Consider exchange.

فعدوري

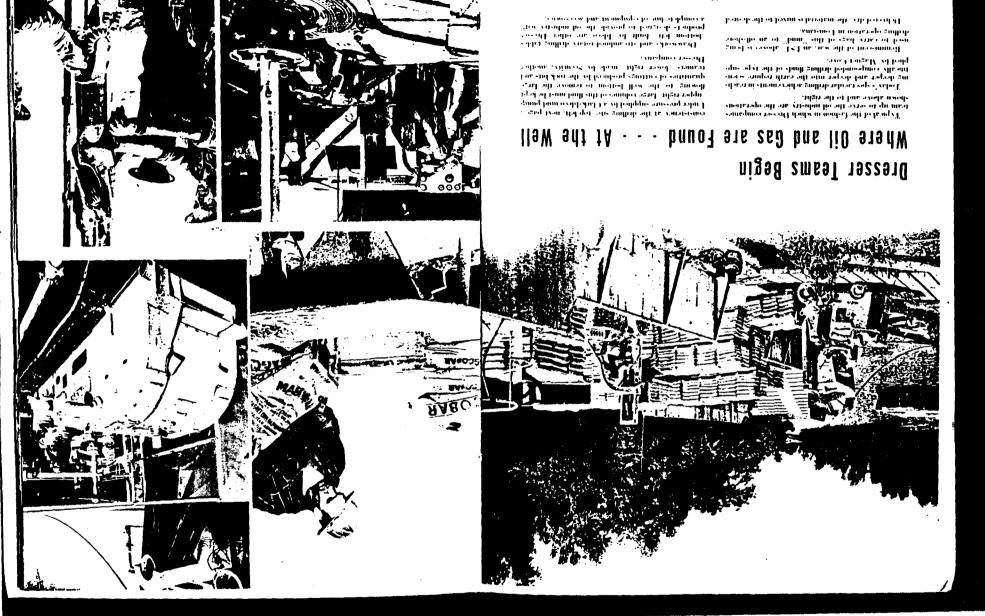
# A Year of Teamwork

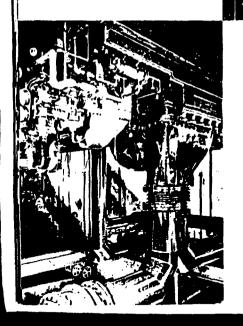
The teamwork possible in a group of related companies, such as those which today constitute Dresser Industries, was never more graphically demonstrated than by what has been accomplished by them along this line in the past year.

Increasing opportunities for effective cooperation have been found by all of these companies, whether it be in subcontracting parts production by one "team" member to the plant of mother or in pooling the engineering knowdoos, joint sales effort and technical skills of several to design and build superior equipment for an oil refinery, for an oxygen manufacturing plant or for an all-welded gas storage holder.

For instances the mud jump engineered by Clark is built by Boyaird and Seylang in nearby Bradford. Pai, and sold by Ideeo everywhere. Boyaird and Sexfang build Clark's Midger Angle compressors and oil coolers while Dresser Manufacturing Division. also at Bradford, makes the company's engine mul-Hers and manifolds.

Kobe, Inc. threads and does pipe for Scenits Ideocat Beaumont, Lexis, makes pump cases for Partie. Partie upon occasion machines parts for Security . . . and so it goes.

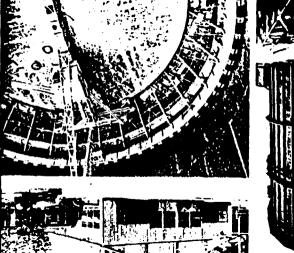


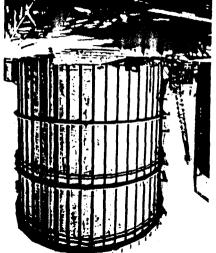


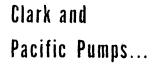
# The Line Also Our lob gnold IIA zad gnilbnaH

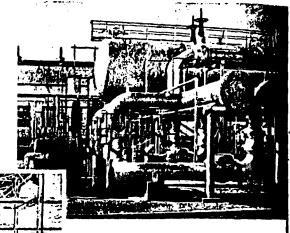
guiving in and to alternative are continuous in successful guint adminiment of the well and to be successful and to be successful transitional and the transitional and the transitional and the continuous attention of the successful and the remaining the successful and the formula of the work (both and present in the desired the successful and the succes





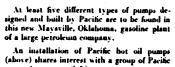




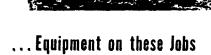


An installation of Pacific hot oil pumps (above) shares interest with a group of Pacific processing pumps (left).

The seven gas engines and compressors shown below are installed in the same plant and were supplied by another Dresser company. Clark Bros. Five of them are 800 hp. units and two are 600 hp.

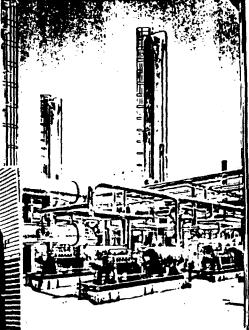




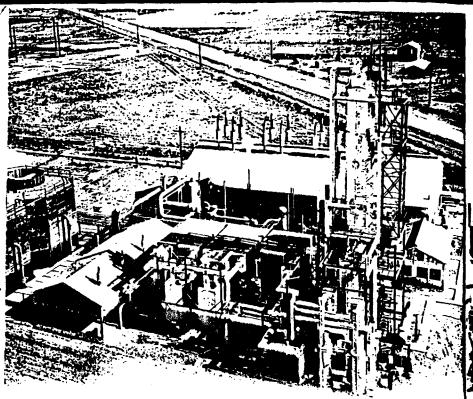


Two Dresser companies, Clark and Pacific, joined forces again in this installation of compressors and pumps in a natural gasoline and gas conservation plant at Slaughter Pool. Texas. The 16 Big Angle Clark compressors (above) are of 1600 blap, each.

The Pacific pumps (below) are used to cir-culate water over a series of cooling towers. The multi-stage centrifugals (right are also Pacific equipment.







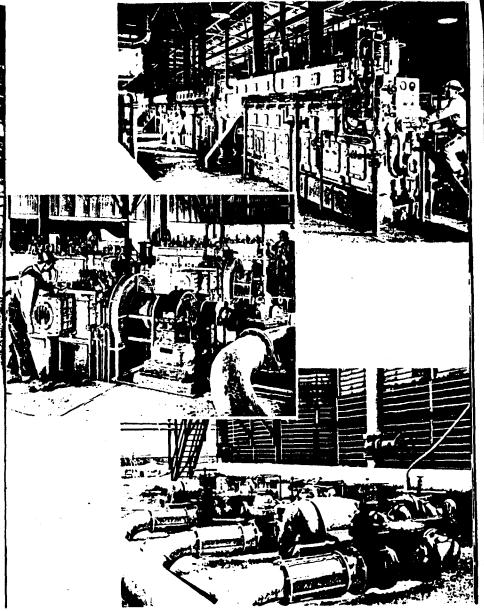
# Oxygen, Too, Needed A Dresser "Team"!

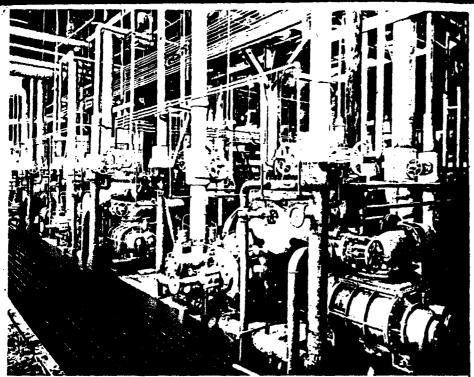
Seventy dive per cent of the equipment in the first plant to make low-cost oxygen in tomage quantities for the chemical industry was supplied by Drysoccompanies. Design of the oxygen unit itself was developed and its construction supervised by Statest Ross, engineers.

Our tanding for its low-pressure, self-contained excle, the process uses an compressed and cooled to 250 deg. L. in special funed aluminum heat exchangers supplied by Stares I for Additional coding to the liquefaction temperature of \$100 deg. L.

is obtained by passing a portion of the previously cooled air through a turboexpander designed by Clark Brox. The oxygen is then separated from the nitrogen in abunium fractionating towers built by Stack Brox. and compressed to 500 Br. per sq. in importight in Clark compressor of municial design.

Water jumps were supplied to Pacific: Dresser Manufacturing Dresson made the long-sleeve couplings boxer right used on coding tower lines and for and and Secting boilt the Clark Midget Angleginguist center.



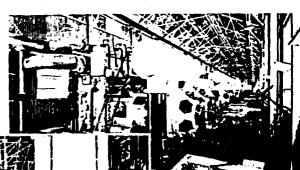


# Same Dresser Trio Repeats On This Job

Clark Bros. oil coolers (top right) are installed in this natural gas plant in Kermit, Texas, Eleven compressors (center right) — of 1200 hp. each—in the same plant are also of Clark design and manufacture.

Dresser Manufacturing Division supplied 20-inch couplings for the jacket water confer line (below, left) and 10-inch couplings for the plant's fuel gas line.





# Make-Up Of This Team . . . Roots.- Dresser - Clark!

These Clark Briss, Midget Angle compressors are installed above in a linge milti-million dollar petrochemical plant near Pitt-burg, Kansas. They are part of a highly technical operation which uses only toward materials natural gas and water to manufacture a large daily formage of a number of well-known chemicals.

These products include ammonia, nitric acid, ammoniou untrate a premioni fertilizer, methyl alcoholused in antistre cersolintous and for conversion into formaldehyde required by the plastics industry, and last four an important last fremendous quantities of dry ice!

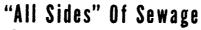
Roots-Conners ville blowers supply the seavenging air for the Midget Angle engines, to which they are connected by Dresser couplings.

The plant represents one of the most advanced technical justallations of its kind in the performanced field and is regarded as the forcumier or other new developments to come.



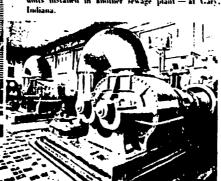


Transwork on a smaller scale is exhibited in this use of an Ideen prefabricated steel building for a Clark compressor station typical of those to be found on the "flig luch," "Little luch" and other major natural gas pipe lines.



The polygon-shaped sludge dryer (left) with its 20 sides is one of two such structures recently built by the City of Milwauker, for which Stacey Bros. supplied much of the steel work. This Dresser company also furnished the structural steel for the 78 ft. stack, shells and roof trusses, (not shown).

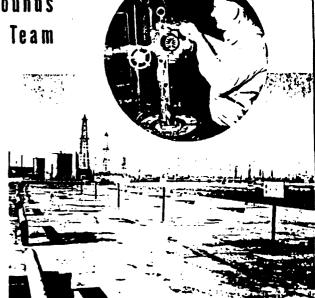
Heavy duty blowers (below) are Roots-Connersville units installed in another sewage plant — at Gary, Indiana.





Kobe, Inc., Rounds Out Oil Field Team

Kobe, Inc., makes equipment with which oil can be pumped wherever it is found, and frequently from wells so located that conventional pumping equipment cannot be used. On the Sabine River (above) in East Texas, a single Kobe power unit is used to pump 19 underwater oil wells. In another installation (horton, right at Long Beach, Califa, signmark, wellhead locations of Kobe pumps at work in directionally drilled wells actually located three quarters of a mile from shore and at least a mile beneath the harbor surface. A single valve (circle) permitarising or lowering pump units dranically.







Alloy Fabricated Equips Aluminum Fabricated Equis **Bultless Fittings** Buildings, Standard St Cable Tools Casing, Heat Treated Screen Casing Scrapers Centrifugal Exhausters Clemps, Repair Compressors
"Big Angle"
"Right Angle" "Midget Angle" Steam-driven Electric driven Axial Flow Centrifugal, Single-stage Centrifugal, Molti-lage Controls, Paraffin Camplings, Pipe Derricks Descriptorization Plants Direct Engines Draw Burks Drilling \limi Ibrilling Rige Parish Hotary Drilling Tools

Airport Equipment

Engines Deset

Exchangers, licat Exhausters, Centrifugal Fishing Tools Fittings Bultless Floating Scale Forgings Gas Holders Dry Seal Vet Seal Cas Turbines Generators, Inert Con Gravel Linety, Pre-Packed Heat Exchangers Hoists, Hydrair Hole Openers Hydraulic Pumping System Hydro Rotacy Drives Inert Gas Generatura Jacks, Pumping Joints, Pipe Linera, Pre-Parked Gravel Liners, Pump Marte "Full-View" "Kwik-Lift" Portuble Meters, Positive Displacement Mod. Drilling Mud Testing Instruments Mud Treating Chemicals Oil Well Planger Pumps Oxygen-Producing Plants Paratin Controls Fortable Delling Higs Power Rigs Power Luita Powers, Pamping Propose Air Plants

Pumping Jacks Pumping Laire Pumps Centrifugal Oil Well Planger Steam Turbine Triples Shah Vertical Purifices Radio Tunera Bramers Rigs Rutars Dollin Rings Retories Rotars Driver, Hyden Serren Casing, Heat-Treated Scrubbers Seats and Ball-Seats and Drop-"Securator" -- adapters, hangers, liners, packers, pipe, walding sleeves Sheves, Pipe Repair Shish Pampa Spudders Steam Enrhine Pumpe Swivele, Drilling Television Tomers Tools, Calde Toples Pumps Turbane Pumps, Stram Turbones, t.a. Valve Cagos Verte d Pumps Acres, Pressure Wilding Latines W. Hilmont. Window, Same



H. N. MALION

J. B. O'Coxxon

RUDOLPH E. REINER

C. PAUL CLARK Vice President

ARTHUR R. WEIS

Vice President AUGUST F. WITTHINGICH

Assistant Secretary and Assistant Transurer

Executive Committee

PRESCOTT S. BUSH H. N. MALLON

J. B. O'Connon

WILLIAM A. MCAFEE

PRESCUTT S. BUSH

NORMAN CHANDLER

C. PAUL CLARK

WILLIAM V. GRIFFIN

H. N. MALLON

WILLIAM A. MCAFEE

J. B. O'CONNOR

ARTHUR R. WEIS

Stock Transfer Agents: THE NEW YORK TRUST COMPANY, NEW YORK, N. Y. OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, LOS ANGELES, CLUP. (common stock only)

Such Repistors: Company only /
Such Repistors:
CITY BANE FARMERS TRUTE COMPANY, NEW YORK, N. Y.
SECURITY-PROT NETONAL BANE OF LOW ANGELES, CALIF.
((common stock andy)

Common Stock Listing: NEW YORK SYDEK EXCHANGE . LOS ANGRERS SYNEK EXCHANGE Preferred Stock Listing: NEW YORK STOCK EXCHANGE

1950 ANNUAL REPORT 5 951

RESSER

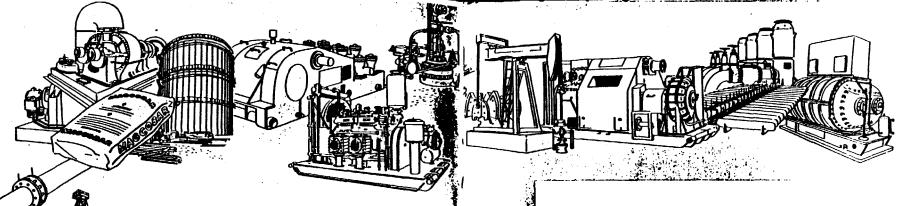
TO THE SHAREHOLDERS



(20)



The cores design of this year's annual report depicts an off-shore drilling phalform and rig. Off shore drilling is typical of the mans wars that the petroleun industry planed back muser than 21 2 billion dollars last vene to meet the ever geneing demand of the American public for gas and out penducts.



A GROUP OF COMPANIES
UNDER A COMMON OWNERSHIP

# Dresser Industries Inc.

PARENT CORPORATION
DRESSER INDUSTRIES, INC.

OPERATING COMPANIES:

BOYARD & SELFANG

MANUFACTURING COMPANY CLARK BROS. Co., INC.

DRESSER MANUFACTURING DIVISION

DRESSER MANUFACTURING COMPANY, LIMITED

INTERNATIONAL DERRICK AND EQUIPMENT COMPANY

Kons. Ivc.

NOTICE TO

STOCKHOLDERS

This Annual Report is fur-

nished you in advance of our request for provies. A

provy statement and form of proxy will be forwarded by the Company to each shareholder on or about February 10, 1951. MAGNET COVE BARILA CORPORATION

Paging Pears, Ixe.

ROOTS CONNERSULE
BLOWER CORPORATION

Security Engineering Co., Inc.

THE STACES BROS. GAS CONSTRUCTION COMPANY Dallas. Teza

Bradjard, Pa. –Faunded 1891

Olean, N. Y. Founded 1880 Bradford, Pa. Founded 1886

Toronto, Ont., Canada Founded 1931

Dullas and Braument, Taxas: Columbus and Delocere, Ohio Torrocce, Calif. Founded 1920

Huntington Park. Calif. Founded 1921

Houston, Texus Valvern, Arkanias Founded 1940

Huntington Park, Calif. Founded 1921

Connerville, Ind. Founded 1854

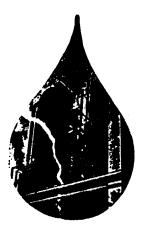
M hatter, Calif. Founded 1931

Cincinnati, Phin Founded 1915

# Financial Highlights

FOR THE YEAR ENDED OCTOBER 31, 1950

Net Sales	\$79.968.546
Net Income	\$ 4,303,043
Earnings per common share	\$3.68
Backlog (unfilled orders)	\$29,613,000
Working Capital	835,620,511
Property. Plant and Equipment (net)	815,574,057
Net Worth (capital stock and surplus)	\$11,175,342
Payroll (wages and salaries)	823,425,742
Common stock outstanding (shares)	1,112,500
Number of Common Shareholder-	5.760
Number of Preferred Shareholders	1 :::
"his, estimates parcias fur green probte bare, determined eft c an	4



# President's Letter

January 29, 1951

to the mare maken

During 1950. Dresser earned \$4.383.013, before excess profits tax adjustment, on sales of \$79,908,546. This compares with net earnings of \$3.525.182 on sales of \$80.029.835 in 1949. In comparing the two years, it should be horne in mind that our three gas appliance subsidiaries, which were sold in January, 1949, contributed \$4.146.225 in sales and \$678.803 in net profit and capital gain to the 1949 results. In 1950, of course, consolidated operations reflect

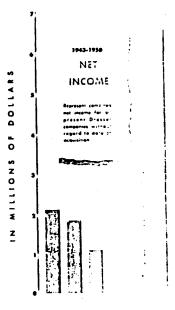
the sales and earnings of the Magnet Cove Barium Corporation which was acquired at the beginning of the fiscal year with a portion of the proceeds from the sale of the gas appliance companies.

The new execus profits tax law, which was enacted after our audit was completed and certified, provides for a retroactive levy to July 1, 1950, thus affecting a pro-rata portion of Dresser's 1950 fiscal carnings. The additional taxes due with respect to the 1950 fiscal year will not exceed \$80,000, thus bringing per share earnings to \$3.68 in 1950 compared to \$3.02 in 1949. Of the latter amount, \$.62 was attributable to the operations of the gas appliance companies.

Looked at by quarters, 1950 was an unusual year. In the first few months, sales and cartings were down and plant facilities were partially idle. Then a pickup occurred even before any war influence was felt. The interim reports for the balance of the year recorded a consistent and appreciable uptrend, culminating in a fourth quarter that exceeded any three months' period in the history of the present Dresser companies.

In reviewing this gratifying improvement, it is necessary to examine the previous year audit to recall that Dresser's sales and earnings trend downward rather sharply during 1949. This decline continued into the first quarter of 1950. Previous letters have explained this trend as being due in large part to a sharp curtailment of new equipment purchases by the oil industry during a period in which the outlook for drilling and production was uncertain at best. Most seriously affected by this development were those Dresser subsidiaries, such as Ideeo and Kobe, who produce oil-field equipment with a relatively long service life. Certain products of Clark Bros. and Pacific Pumps also felt the impact of a temporarily restricted market.

During most of 1919 and the early part of 1950, the petroleum industry drew heavily upon its stock of equipment inventories for its regular drilling, producing and refining operations. The demand for crude oil began to improve around the middle of 1949 and, in 1950, demand clinded sharply with the result that crude production and the number of new wella drilled recorded an all-time high. The inevitable consequence of a continued high-level of drilling, and a material increase in oil production, was a renewed demand for new and replacement equipment. Thus while the opening mouths of the year were disappointing for our heavy oil-field equipment subsidiaries, their operations throughout the remaining months showed continued improvement.



Fiscal Years Ended October 31

therefore related directly to footage drilled, were Throughout the entire period under review, the sales of Security Engineering and Magnet Cove Barium, whose products are expendable and are halance among the Dresser companies helps to at very satisfactory levels. This overall product cushion those periods when the demand for heavy equipment diminishes. Turning from those Dresser subsidiaries whose tion regments of the oil inclustry, it is important preoline plant equipment. At the same time. Clark's sales of compressors to the natural gas products serve primarily the drilling and producto review the operations of the other Dresser comfor example, was affected a year ago by the restricted market for new refinery and natural Being primarily a manufacturing adjunct of Clark panies during the year just ended. Clark Bros... transmission industry continued at a high level. Broa., the Bovaird and Seyfang Manufacturing

				Kiri.		2 7/1	uipment	7 27 20	and E)	(E)	S)
		(Note A)	(3 pu	(E)		(ma)	plant and e-	(September )	re (Notes (.	(Notes C	e ( Nute C.
0	r. A.)	rofit before taxes on income (Note A)	axes on income (Notes A and E)	N et income (Notes A, B and E)	I (Note E)	roperty, plant, and equipment (net)	xpenditures for property, plant and equipment	let worth (capital stock and samples) (Notes A	Gook value per common share (Notes t. and E)	arnings per common share (Notes C and E)	lividends per common share (Note C.
,	et Sales (Note A)	ofit before to	Kes on incom	income (N	" orking capital (Note E)	perly, plant	renditures fo	worth (capi	ok value per	nings per co	idends per c
		2		<b>5</b>	ائے	2		-		=	

Dark figures include totals of all Dresser companies without regard to date of acquisition Light figures pertain to Dreaser Industries, Inc. and Consolidated Subsidiaries.

414,448,544	\$80,679,844	\$ 140% of 15 (5)	920,095,194	\$51,783,188	184.098.711	\$31,974,671	152.541 169
	05.428.200	90.139.591	63.511.002	42.365.581	\$5.401.332	\$8.394.483	\$8.485.142
\$ 1,658,173	1 5,670,257	1 12,641,963	\$ 7,656,846	\$ 1,006,363	8 6,094,572	1 5,550,664	SILWLIS
	6.424.486	30,072,010	1177117	410,001	1067,781		7.445.007
\$ 3,320,703	\$ 2.115.075	1025-94 8	9 3.217.657	\$ 34.932	\$ 1,941.157	\$ 3,915,129	11,000,295
	2.100.912	3.531.476	2,025,244	300.531	3,825,453	4.622.244	5.29E.950
1 4,003,043	11,525,102	1 8,098,423	8 4,439,189	\$ 1,637,235	8 2,166,575	1155,075	1 1433.00
	1 m 570	25050	8.199.973	20.00	- Season	1	2.100.00
835,626,511	\$35.621,663	\$ 33.2-4.211	121.11.917	\$11,853,151	\$17.222.19T	1 6.415.927	1 1.233.069
	20,000,000	25.275.232	19.665.448	11,791,062	13.412.425	7,587,789	7,500,303
135374,867	814,000,642	S legalory	\$11,500,920	8 9,877,256	S LILES	\$ 4,151,786	1
1.4	18.484.414	13,487,888	10,061,073	LINCOL	7.100.461	7254.530	827,788
\$ 2.114,000	\$ 3.700,000	# 1.5° 1.000	§ 2.926,888	\$ 3.0.11.000	\$ 1.831.444	\$ \$41.44	C 6413 Part
	3.900,000	4.570.090	2.924.000	1.374.000	1,888.086	1.477.083	1.155.006
\$41.475.342	638,652,127	11,386,113	830,483,846	126,140,259	174,945,377	31134135	1 9,422,413
	34.057.886	27.517.5ME	\$6.035.076	24.203.012	28.738.464	10.000.005	14.784.548
137.23	\$30.04	53.5	\$22.44	\$18.12	817.05	£16.00	31.53
	7.11	11.41	# T	18.30	17.74	17.10	15.10
33	1 3.00	11.0	\$ 3.55	2.		315	1 244
	*	3	**	27	8	9	9
7	2.71	*11*				1	
			:			-	•

--offer offered profes for any party was de-

> the year. Now both of these plants are booked to Company shared Clark's tales experience during capacity and are borking for subcontracting (a.il. characterized the capital goods industries generally throughout much of 1950, One of its biggest ities to improve deliveries of existing orders. The Rosts-Connerville Blover Corporation, whose blowers and exhausters go to a wide variety of industries, shared in the revival of activity that achers was for a supersonic wind tunnel being built by the government. The Doss e Manufacming Division, whose pipe complings, clouds and

NET SALES 1943-1950

specialized rolled and forged products are finding equipment in the first part of 1950, It too shared an ever-widening market, experienced one of the Parific Pumps, Inc. felt the effects of a decline in its sales of oil well and retiners pumping in the revival of demand for such products and, at the same time, continued to increase the sales for general industrial and powerplant nee, the best years in its history. As mentioned before, the whole, the Bresser companies are very bary at the start of 1951 and see in the offine the possition of its highly regarded line of boilerdeed pump-

bility of sizable war orders superimposed on already active pracetime markets.

# B ICKLOS

S29,613,000 on October 31, 1950, compared to Dreser's backlag of unfilled orders stond at backling has trended upward throughout all of azadon, le is especially significant to note that \$18,970,580 at the end of the 1949 fixed year. The 1950 and on December 31, 1953, reached 341, the backley increased \$5.115,000 during the fourth quarter despite an morase in sales over

Fiscal Years Ended October 31

the third quarter of more than \$5,600.030. Also significant is the fact that all of the Dresser companies have participated in the overall increase in unfilled orders. This means, of course, that each Dresser plant has recently experienced and should continue, a rate of operations more nearly consistent with plant capacity.

## FINANCES

Dresser's financial position changed very little during 1950. Current assets increased by \$2.652, 818 to a total of \$10.712.272. The current ratio declined somewhat but still remained at a level of 4.2 to 1. Book value per common share increased by 7% to a new high of \$32.22. Working capital did not change during the year, although, as a result of the acquisition of Magnet Cove and the redemption of that company's preferred stock and term loan, an increasing volume of sales, and the liquidation of advance payments on contracts, cash and government bonds declined. Barring any unforeseen contingencies, working capital will be adequate to accommodate the volume of businers anticipated for the coming year and the cash position is expected to improve.

Dresser spent about \$2.148,000 for additions to plants and equipment during 1950 as compared to approximately \$3,700,000 in 1949. This expenditure compares to provisions for depreciation and amortization of \$1,953,201. It can be seen that our 1950 expenditures were primarily to meet normal replacement requirements. The net value after depreciation of Dresser's consolidated property, plant and equipment at October 31, 1950, was \$15,574,057, an increase of

31, 1950, was \$15.574,057, an increase of \$1,485,395 over 1949. A portion of the increase is due to the acquisition of the Magnet Cove Barium Corporation. 1951 may be a year of plant expansion for Security Engineering Co. and Magnet Cove Barium Corporation. In some of our other plants the government may require us to expand to meet war needs under certificates of necessity which permit accelerated depreciation on such additions.

## DII IDENDS

Four dividends of 35 cents each were paid on the Common Stock during the 1950 fiscal year for a total of \$1.40 cents a share, and the regular quarterly dividends totaling \$3.75 per share on the Preferred Stock were paid throughout the

## EMPLOYEE RELATIONS

We feel that the relations between all of the Dresser subsidiaries and their employees were on a high level during 1950. Mutually satisfactory collective bargaining agreements were effected with the unions of those subsidiaries whose employees are represented by certified bargaining agents. There were work stoppages of a minor nature during the year, culminating in settlements that fully reflect the specific conditions surrounding the operations and business prospects of the particular company involved.

In the interests of increasing take-home pay while at the same time lowering unit costs, Dresser is continuing its long-range program of establishing incentive pay arrangements for its plant employees.

## DRESSER'S GROWTH

The second section of this report traces the growth of each of the present Dresser companies from the date they were acquired. In a sense, the section is management's account of its performance during the years in which Dresser was being developed into a group of integrated companies supplying the principal equipment requirements of the oil and gas industries. The great bulk of the progress that has been made is attributable to the managements, engineers, salesmen and production staffs of the individual Dresser companies.

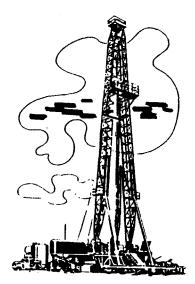
Dollar figures of sales and earnings tend to lose some significance in periods of rapid price change such as we have experienced in the past decade. Consequently the record of Dresser's growth is presented mainly in terms of the company's increasing ability to produce well-engineered equipment for an ever-widening market. It is felt that this report will be of particular interest to

the shareholders at a time when all industry will likely be called upon to meet the growing needs of the country's defense program.

## PROSPECTS

The size of the company's backlog, together with the strong probability of high level activity in the oil and gas industries, indicates that Dresser's volume will be sustained or increased in 1951 as compared to 1959. The normal seasonal decline in volume is to be expected in the first quarter, followed by an increase throughout the rest of the year.

The extent to which material and manpower ahortages may affect Dresser's business will depend in large part on the pace of the country's

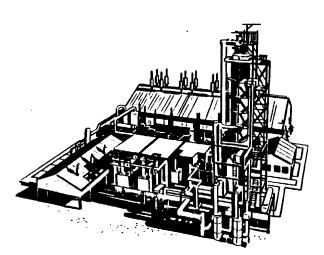


rearmament program. Since oil and gas will be essential to defense efforts, Dresser's regular product line should rank high from the standpoint of any materials allocation program that may be enacted. Furthermore, as in World War II, the Dresser plants stand ready to undertake any manufacturing assignment for the Armed Forces.

The new tax law will, of course, affect future excuings to an extent difficult to determine at this time, but most of our companies are fortunate in having a good excess profits tax base. Higher corporate taxes always pose the problem of providing the company with necessary working capital while at the same time maintaining a fair return to the shareholders. At the present time, with all factors considered, the outlook is for a good year in 1951.

Respectfully,

Dalias, Texas January 29, 1951



## DRESSER INDUSTRIES, INC. AND SUBSIDIARIES Years ended October 31, 1958 and October 31, 1949

# Statements of Consolidated Jugana

	YE IR ( Oct. 31, 1950	ENDED Oct. 11, 1919
NET SALES		184.629.80°
COST OF GOODS SOLD	. 38.1/13.3/14	61.611.818
	21.962.142	19.411.957
SELLING, ENGINEERING, GENERAL AND ADMINISTRATIVE EXPENSES.	. 1123 als4	13.134.199
	1.125.118	3,331,758
OTHER INCOME		
Interest earned		1:4,313
Profit on disposal of depreciable assets (not)		23,129
Gain on sale of net assets of subsidiary companies		155,010
Miscellaneous		180,269
	671/42	734,721
	8.1-1-250	6.289.179
OTHER DEDUCTIONS		
Interest expense		1:3.651
Miscellaneous	: <u></u>	115,571
	25a.+c::	619,222
	1.1.1.1.1	3.6:0.23:
TAXES ON INCOME		
Provision for the year (Nate B) Federal normal income tax and surtax		
Canadian and state income taxes.		2.326.000 85 MH
Refundable taxes on income of prior years arising from eners back	110.7.100	#3,000
of operating loves of certain subsidiaries.	33.000	30 L.mm
	3.200.00	2.107.000
Adjustment for prior years (net)	11.003	33.977
TOTAL TAXES ON INCOME.	3.244.745	2 145.075
INCOME BEFORE MINORITY INTEREST.	1.1-4.1.0	3,525,193
DIVIDENDS ON PREFERRED STOCK OF SUBSIDIARY COMPANY HELD BY MINORITY INTEREST		
NET INCOME.	. 2 1.3 3.443	\$ 3,525,182

Provisions for depreciation and amortization amounted to \$1,953,291 and \$1,613,326 for the years ended October \$1, 1950 and October \$1, 1949, respectively.

"Indicates red figures.

See notes to financial statements.

# ACCOUNTANTS' REPORT OF EXAMINATION

TRN-LATEN-L

# Consolidated all ance Shells october 31, 1950 AND OCTOBER 31, 1949

## ASSETS

***************************************		
	Oct. 31, 1950	(Jci. 31, 198
CURRENT ASSETS		
Cash		\$ 7.821,725
U. S. Government securities at cost and accrued interest	2.505.351	5,007,039
Less amount applied against estimated liability for festeral taxes on income	. –	2.600.722
	_	2.926,296
Receivables		
Trade notes and accrued interest tincindes \$631,020 of post due installments		
at October 31, 1950)		1,150.334
Trade accounts		9,025.035
	15,721,888	10,475.371
Less reserves	. 409,300	372,413
	15,312,588	10,102,950
Estimated refundable taxes on income of prior years (current portion)		371,514
Inventories - at lower of cost or replacement market		
Finished products and parts	. 11,699,840	10,691,796
In-process products and parts	. 8,121,065	7,636,444
Raw meterfole and supplies	6,160,499	5,854,010
	25,989,484	24.188.246
Less advance payments from castomers on contracts		1.321.28
	_	22,864,539
TOTAL CURRENT ASSETS.	46.742.272	44.009,151
NVESTMENTS AND OTHER ASSETS		
Investments in capital stock of other companies	230,000	254,000
Trude notes receivable (not current! (Nate 4).	696.785	466.783
Miscellancous receivables, etc.	. 488.485	390.16
TOTAL INVESTMENTS AND OTHER ASSETS	1,435,190	1.104.954
ROPERTY, PLANT, AND EQUIPMENT - major portion at cast lass reserves for		
depreciation and amortization		
Land and lead improvements		802,005
Buildings		á.585.7%
Machinery and equipment, etc	22.814,746	19.341.235
	30,051,118	20.619.034
Less reserves for depreciation and amortisation	30.03(.318	12.360.374
TOTAL PROPERTIES - NET		
		11.038.oo.
ATENTS		1
EFERRED CHARGES		
Deferred tooling, engineering, and mining expense	971.117	
Prepaid insurance, deferred taxes, etc.	374.500	334,451
TOTAL DEFERRED CHARGES		334.831
	Soj.uv:.tul	159,619,918

	Oct. 11, 1950	(Mr. 11, 1949
CURRENT LIABILITIES		
Acrounts payable, etr:		\$ 2,556,783
Advance payments on contracts	127,453	3,292,133
Payrolls and other compensation	. 1.352.212	1. 85214
Taxes, Interest, rent. etc	. 1.103.311	1.290.16
	2.755.526	2315.99
Federal, state, and Canadian taxes on income (Note B)		2.252.997
Lau U. S. Tree-ury Notes applied	. –	2.(44.722
		172275
TOTAL CURRENT LIABILITIES	11,011.761	8.167.793
LONG-TERM DEBT (Note C)	•	
Notes payable to insurance companies bearing interest at 35% per annum.  masuring in annual installments of \$130,000 from December 15, 1951 to		
December 15, 1955, and \$1,250,000 from December 15, 1956 to December 15,		
1962	12,500,000	12,500,600
CAPITAL STOCK AND SURPLUS (Note C)  Conital stock		
Authorized (at October 31, 1950) 110,300 shares preferred (par value \$100,00 a shore) and 2,100,000 shares common (par value 50c a share) of which 110,750 ohares were reserved for conversion of preferred		
Outstanding		
Preferred stock (cumulative: 3' ₁ 7' ₂ series (convertible prior to September 15, 1955; redeemable at \$105.00 g share to September 15, 1955; and at \$101.00 thereafter) — 56.300 shares at Creater 31, 1950 and \$7.500 shares		
at October 31, 1919.	5,634,4494	5. "511,1h #
Common stock - 1.112.500 shares at October 31, 1950 and 1.095.137 shares		
at throber 31, 1919		\$47.554
	6.136.250	6.24: 364
	13,102,279	12,486 354
Farned surplus	21.966.813	19,378,263
TOTAL CAPITAL STOCK AND SURPLUS	11 555.112	18.672.177
•	\$65,097,105	i ja ola ali
CONTINUENT LIABILITIES (Nate A)		
See notes to Superial statements.		

# Statements of Consolidated Sunclus

CAPITAL SURPLUS	Oct. 31, 1950	Oct. 31, 1919
Balance at heginning of year.  Excess of consolidated net assets tos shown by books! of acquired company and its subsidiary applicable to its common stock at November 1, 1919 over the aggregate of the cost of its common-hores purchased for cash and the par value of 17,515 shores of common stock of the Corporation issued in exchange		\$12,777,733
Difference between par value and cast of capital stock purchased and small be	• • • •	-
during the year.  Adjustments to not assets (income tax accruals and refund claims and property and related reserves) of sub-idiary companies at dates of acquisition		14,150
But ANCE of Chin on the		188,167
BALANCE AT END OF YEAR	\$13.402.279	\$12,960,350
EARNED SURPLUS		
Balance at beginning of year Add not facouse for the year	\$19.374,208 4.383,643	\$18.120,470 3.525,182
Deduct	23,757,251	21,645,652
Cosh dividenda paid		
Preferred stock — \$3.75 n share Common stock — \$1.40 n share in 1950 and \$1.875 in 1949	214.500	218,062
Fremium paid on retirement of preferred stock their by minoring incomes		2,653,382
of subsidiary company	24.513	_
	1,790,438	2,271,444
BALANCE AT END OF YEAR	\$21.966. <b>8</b> 13	\$19,374,206

200 notes to Suancial statements.

# NOTES TO FINANCIAL STATEMENTS

Non-d = 4x Oresdor 31, 1950, the Corporation and its subsidinates were contingently fields in the extent of Power11 for trade motive reversable discussant. This manusar includes 2012/217 reprecessing motive reversable from one parts which motive beginning James 1, 1941. Trade motive reversable (not coverant uncludes \$250.02 representing motive reversable (not coverant uncludes \$250.02 representing motive reversable) (1940.

A referedant has agreed to purchase from banks, under certain remdenions, a more payable of another everyone amounting to \$300,000.

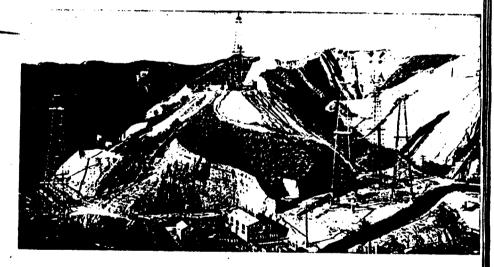
hop R - The estimated hability for federal saves on income of the west ended this doe 11, 1940, has been computed an accordance with cater prescribed by the Revenue but of 1940.

more of art current aways, the from agreement and the terms of

the Perferred Soch, 1846 Squee contain provisions restricting seasond supplies in the season of Sport12200 and SII22500 still repotifieds, in determining the amount of one's surplus available for pass meet of dictionals on Common South on of theodor 11, 1950. The terms of the Perferred Stock, 1846. Season also provide, under certain conditions, that the Composition shall amount to Sport 15, 1950, via socie on amount sufficient to purchase for retirement 15 of the total number of shares thereofore insued at a prior of Bills per share. Thereofore the Composition shall retire though purchase, reclamption or without we shall be sufficient to provide the set of exclamption or whenever share opinion shall retire though purchase, reclamption or whenever share opinion and respect the suppress part value of 'air the total number of shares consequences, the title superseason models of shares consequed unto Common Sport.

Vote fi ... Net assert herated in Canada are relatively mining and have been meladed after appropriate adjustment for Canadian rechange.

# LEE PRIST FOR DRESSER GROWTH

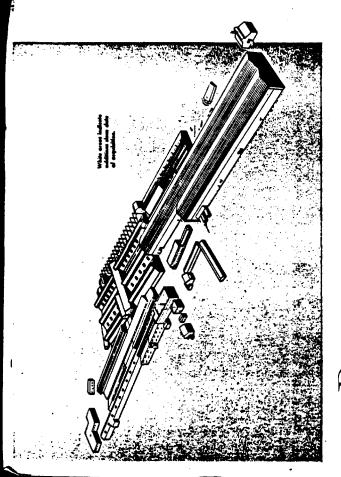


Industrial growth can and should be blueprinted and engineered in the same manner and any technical project. A carefulb designed longrange program becomes the framework upon which to build an integrated and successful enterprise. Economic and political markers along the way aid in the projection of these designs for expansion. Although geared to the apresent, such plans must increasintly book to the future and he flexible enough for timely re-dijustment to conditions in a world of changing scenomic and politiical trends.

Dresser Industries is a particularly outstanding unification of the industrial facilities, talents, and products of ten related companies joined together into an integrated whole. Each subsidiary company behicles from the long-range administrative connectings and planning of Dresser, ver retains in its regular operations, its own thyribility and independence. Each company is responsible for meeting and overtearing competition and initiating its mon-research and product development.

These companies own twelve modernized plants in eight states. Their facilities, he ared on a total of 158 acres of land, have a combined floor space of more than 1.7 million square test and a total personnel of 6.205. Equipment produced by these companies serves the drilling producing, transportation and relining divisors of the great oil and gas industry. This is in keeping with the Dresser policy of manufactic up a little product and equipment through the combined facilities and enoperation of its moniter companies. On a growing scale, products of the Dresser companies are finding wide acceptance in other melastries.

As in World War II, Droom Industries will be called upon to develop and supply detense products to the Armed Torress by this respect, the result of Dressor's longer age circfully engineered growth will be especially apparent Singly or as a group, these company school growth and adversion it under the services shap is recorded in this section, are except with well prepaired for the entried defense perground for the entried defense perground for the culting of defense perground for the colored services.



# resser Mfg. Division

The success of the Dreser Manufacturing Division is based on its ability to produce and sell rings, collinders and weldment claricated from set-of. The Dreser compling, introduced in 1880, was the first backproof goint for pipe and made possible the transmission of natural gas over much longer detances. For exity years this basic design was applied to the manufacture of products for the pinning and crepair of pipe lines varying gas, oil, and water.

Dering World War H. Breser's forilities and "know-how" were applied to a wide range of structs have preduct and there are applications of alcity, were carried into perceiting industry. Breservinade parts can may be found in divisionmentics, and as whole host of industrial products. The "piperpointing" business itself has been expanded into

each new fields as original equipment piping, applicacleorif, penstocks, and other industrial application.

Dersor Wandacturing Division now produce pipe joints and repair devices in disances from pipe joints and repair devices in disances from pipe joints and repair devices in disances from ranging from a single ring of stainless steed allow serighing filter more than a pound of obsisted steed weldments of multiplicating construction up to 20 ft. long and weighing several tons. It is a business serving fished serifice customers, Since becoming the first member of Dresser Industrial in 1929, the Dresser Vandacturing Division has seven its employment grow from 220 persons to filter and its plant area increase from 120 total series and its plant area increase from 120 total series in message in new production equipment at Dresser Division.

Exhaust manifolds for engines and compressors are fabricated in weights up to 9000 fbs. or more.



Left: Channel-section expansion clutch rims and larger. Right: Formerly a forging, Dresser now assembles this 900 tb. weldore made from Rot plate in sizes 22" to 60" ment from 4 perfectly sized rings, thereby saving considerable weight and machining

recently laid by the City of Syracuse is typical of many such lines joined each year with Dresser Couplings in cities and towns throughout the nation. Flexibility of the Dresser joints permitted the laying This 49" OD steel water supply line of radial curves without expensive pipe



the laying of 10 g. constant paper in tight places. This 26 g.c. - as installed in 1950. To increase indices a size in papel from the Cay of United Cay of the Cay of United Cay of the Cay of United Cay of the Cay of the place of the Cay of th the president permits Connect processes bere cite over



# lark Bros. Co., Inc.

Freducts designed to meet the need, and growth of the petroleum industry have always been the sim of Clark Bats. Co., her, pioner and leader in the heavy dats compresses field, located at Olean, N. Y. Prior to 1936, Clark had placed large installations of compresses horsepower in many diversified services. At the time of afficiation with Dresser Industries, the largest gas cogine-driven compresses referred by Clark was a 440 BHP double-acting horizontal gas engine-driven unit. Throught continuous reservate and development. Clark has designed and built over fifty new prodicts, darking in 1937 with the introduction of the first of a line of Angletype compresses. Clark is tools offering to industry such units as the recreently marketed HLA compresses. Clark is 100,000 BHP were placed within two months after its introduction. Other units marketed

include strain engine-driven compressors rated as high as 4,000 BHF, a complete line of balanced upposed matter-driven compressors rated from 150 to 4,500 BHF, and a complete line of centrifigal compressors consisting of sixten models with a top horse-power rating of 22,000 BHF. Currently a 5,500 BHF cal Turbine is undergoing development work. Wen completed, it will be the first heavy duty unit specifically deviged as an industrial machine to be built in the United State. The products of this Tayear-old company are used primarily in gar transmission, repressing fewered industrial applications are being consisting, recording, refining, and chemical processing. General industrial applications are being consistent. Clark a employment increased from 394 in 1936 to over 1800 in 1951. More than \$6,300,000



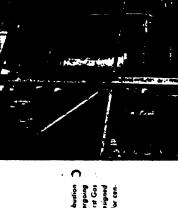
CBA-4, 1500 BHP Balanced Opposed Electric Driven Compressor. This Compressor supplies 8400 CFM of air of 110 pounds for shap air Large Compressor installation on Texas-New York Pipeline.



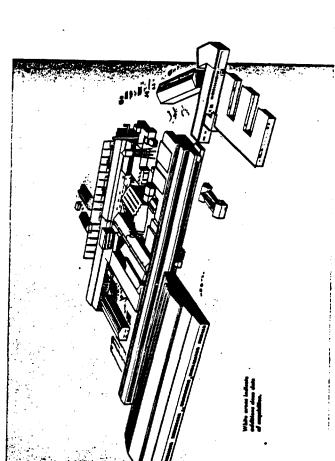


Clark HBA-10, 2200 BMP High Compression Compressors, delivers gos to 122 large and

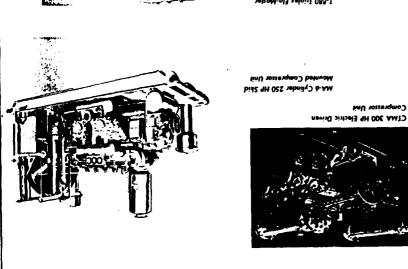
small Mississippi comm



Clark 5500 BMP Combustion Gas Turbine, now undergoing extensive tests, is the first Gas



Turbine specifically designed os a stationary driver for cen-refugal compressors.



Mounted Compressor Unit MA-8 Cylinder 330 HP Skid

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qual di blos ei gantie? E bytavatit qu' sham

fattle serist-abud voccoid ath to une voltome

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puntoe' Lainvold votoramoche valut vicind ei gelod

puntoe' all' Tore-requied F. H. all vol voltor

empir pere ext. all to ano marcolomi di produce

conductorati all' mora monarchi e uni disconti pome regetti all to ano marcolomi e qui di colori conductorati all' mora monarchi e uni di mora

lome regetti all' produce di valut di producti

producti all' production controlomi e di mora

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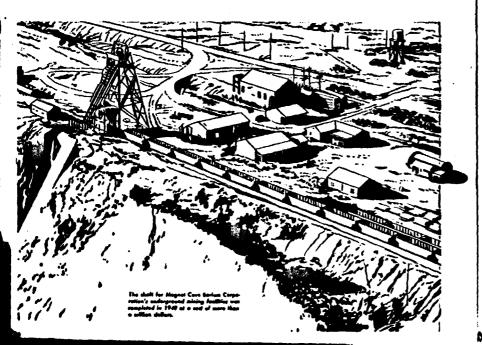
Jovaird & Seyfang Mfg. Co.

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# agnet Cove Barium Corp.

When, in 1919, the Magnet Cove Barium Corp. became one of the group. Dresser Industries identified itself with the nation's second largest producer of barium sulphate sharites and the owner of the largest barite reserve in the country. Magnet Cove supplies approximately 19% of all drilling mud materials in the United States. The company, with principal locations at Houston. Texas, and at Malvern, Ark., also is a leader in the development of materials for controlling the filtration properties of mud and for regaining circulation. Other products include viscosity control agents, oil base and oil emulsion muds. Although it is perhaps best known for its drilling mud, this product accounts for less than half of Magnet Cowe's business. The company was formed in 1939 to develop a large deposit of barite at Magnet Cowe, Hot Springs County. Ark. It was responsible for the first commercial barite pro-

duction by the flotation process, a triumph which led to considerable increases in usable barite reserves. In order to have its materials readily available in the field, Magnet Cove maintains atocks of drilling muds at approximately 300 strategic locations, It maintains a staff of highly-trained drilling mud engineers who travel in laboratory-equipped cars. Besides its research laboratories, Magnet Cove operates a training school upon to its own engineers and to the entire oil industry as well. Land area at the various Magnet Cove plants includes: Malvern, Ark. 415 acres; Dolan, Fews, 770 acres; Houston, 345,000 sq. ft.; New Iberia, La., 8,000 sq. ft.; Wynnewood, Oklas, 35,000 sq. ft., and Bentonite deposits. 7,420 acres. The plant area for the six bases totals 640,000 sq. ft. Magnet Cove has invested \$365,000 in new machinery and equipment since becoming a Dresser subsidiary.

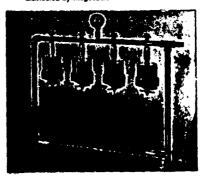




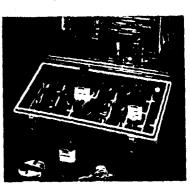
Magabbar products supply the oil industry with a complete drilling mud terrice, and sorum sulfate and clays for assential civilian and military uses.

Magcobar Red Mud Kit contains a complete set of chemicals and small accessories for pilot testing high pH lime muds.

Fonn Laboratory filter Press Unit for determining the filtration properties of mud. This equipment is distributed by Magcobar.



JEL-OFE Moud is a ready-mixed straight oil mod that meets all of the requirements of a nanagemize drilling thoid for drilling all types of wells.





# Pacific Pumps. Inc.

Founded in 1923 at Huntington Park, California. Pacific Pumps' original six-man organiza-tion designed and built horizontal and vertical centrifugal pumps for irrigation and municipal water supply.

Meeting a challenge in 1926. Pacific built the first horizontal, high-pressure centrilugal pumps for oil at 240° F. and 2.100 psi discharge pressure, a major contribution to the art of refining. In 1937 Pacific developed its centrifugal-type slurry pump, essential to the operation of vital catalytic cracking plants. The synthetic rubber and petrochemical industries are now benefiting from Pacific's experience in handling propane, butane, ethylene, corrosive scids and other such liquids.

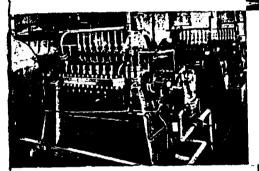
A precision built Pacific oil well plunger pump

made it possible to estimate pump life in terms of years instead of months. Pacific Pumps, Inc., has distinguished itself in the public utilities and industrial steam power plant field. Pacific has built some of the largest and highest pressure boiler feed pumps and devel-oped a boiler water circulating pump of the vertical type for circulating boiler water at the highest pressures and temperatures encountered in modern steam generating plants. Now under development are high-speed turbo boiler feed pumps, double suction water pumps and wearresistant liners for oil well plunger pumps.

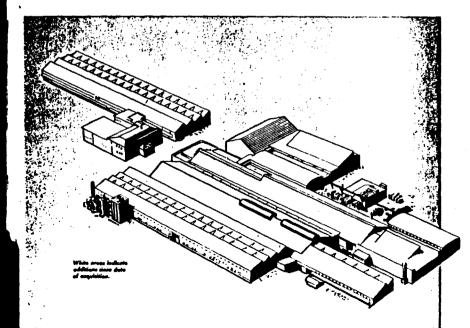
Since becoming one of the Dresser Industries in 1910, Pacific Pumps personnel has expanded from 135 to 650. About \$1.025.000 has been

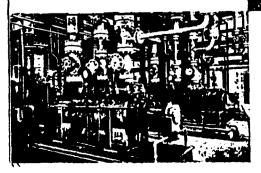
invested in new buildings, machinery and equipment at Pacific since 1940.

Installation of vertical sasting Tower Water Circulating Pumps



Three internal combus so engine-driven Multi-) Stage Pumps in a natural gasoline plant.





There High Pressure Line 2 Pamor installed in a refiner.

# ₎ecurity Engineering Co., Inc.

In the year of its founding, 1931, Security Engineering Co., Inc., of Whitier, Calif., introduced the Security Remark, preferred by other describes the world for its higher efficiency and perfect drill pipe stabilization. Its record important contribution to the product industry was the introduction of Securably.— a drillable maral used like steel for subsurface production tools but which, unlike steel, can be drillable up and circulated out of the well whenever necessay. Revent Securably developments have been engineered to do a better job faster at substantial savings to the operator. This record of dependability and economy has been extended with such new products as the easing scraper, reamer stabilizer, coring bit, hydraulic bit, trig-

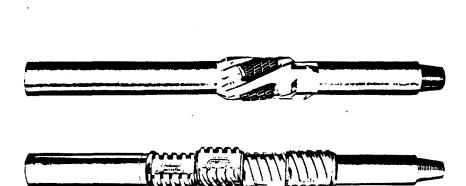
ger bit, demountable hole upener, and the reamer rock bit, all developed since Security became one of the Drewer Industries in 1915. Since acquisition, Security has made a concentrated effort to the property of the fort. Security has been effort to supervise the first of the effort. Security has become a leading producer of cross-section bit, As a result of the effort. Security has become a leading producer of cross-section bit, saitable for every type of formation encountered in modern drilling. Since 1915, Security is personnel has grown from 252 employees to 111: its land area increased from 13,000 square feet to 30,000. In step with this growth, Security sales and service organization has been greatly espanded. About \$1,150,000 has been invested in machinery and equipment at the Security plant since 1945.



Security Reamer Rock Bit used for drilling large size top hole in all and water

Security Hole Opener used to enlarge small holes drilled ahead of the main hale.





Security Recover used in conjunct (1 a.m.) a fluig but to keep defilled hole out to gauge and as 3 (2) (3) (1) can be followed. In a vertical distribution, and, sph. \$5,000. Thing \$5,000 and to remove obstactions and face \$5,000. Think show within street casing walls

Security Rock Bits used for dulling water wells

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# ntarnational Derrick & Equipment Co.

Beaumont Plant

ufacture of advanced and more efficient petrol-um equipment. Ideou Supply Stores promote and sell the equipment in its strategically located major of centers. In addition Ideo products are di-tributed by several other major toll field, upply companies and are exported by Ideos, non sales The International Derrick and Equipment Company plant located at Beaumont, Texa.: is decoded almost exclusively to the production of heavy-day, oil well defiling equipment. This equipment is variable for defiling from depths of 2.504 feet. In addition to its have defiling rig. Ideo almost and taxter and addition to its have defiling rig. Ideo almost activated equipment including recons and taxter ing blocks, hooks, swired, and cotary tables. Significant engineering advances have enabled ing blocks, hooks, swired, and cotary tables. Significant engineering advances have enabled unitized traveling block and popular unitized traveling block and block assemblies marked under the trade anner of "Shorty Block." A splined "lell," drive replacing the constant and important improvements in the design and inducture of swivels have been substantial ideec contributions in recent months to the man-

Due to the growth of its engineering and development department during the past six year, the neumont organization is better prepared than ever before to lead in the design and manufacture of oil well rotary defiling and servicing equiparies in 1944, the Beamont plant has increased its land area from 3.7, area to 6.36 area and the plant area from 164, 100 square feet of 25.383 square feet. A total of about \$1,100.000 has been invested in machinery and equipment in the three fleevo plants located in Beaumont. Columbus and Torrance since 1944.

Ideca 200-tan Shorty Block equipped with Ideco Fabriform sheaves and hydroulic cushion return.

· Ideco Beam type Crown Block

SHORT THE STORY

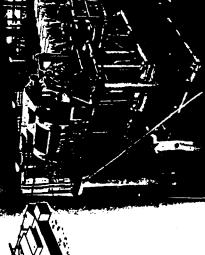


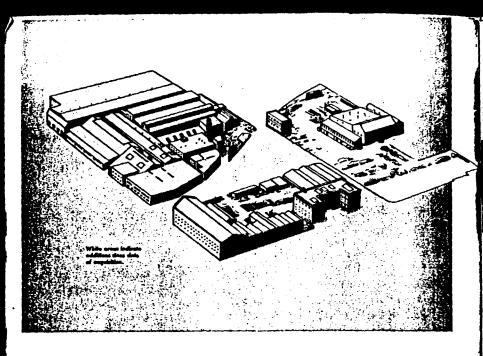
Ideca Supply Stores are located in all active Oilfield areas.

when powered by engines developing 1600 M.P. It has nine hoisting, rotating, and randline speeds as well as one reverse speed. ing to 16,000 ft. depths with 412" drill pipe The Ideco PR-1350-E is recommended for drift-





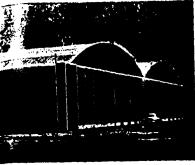




### []) [[('(),... (Columbus Plant)

Specializing in the manufacture of oil well pumping units and derricks, radio and television towers and steel buildings, the bleeo plant at Columbus. Ohio, is a well-diversified operation. The Columbus plant is improving and expanding its triangular cross-section steel towers. It is also building Microwave towers and radar antenna for the Air Force. The standard bleeo steel buildings, developed under Dresser auspices, with their deep ribbed sheets having four to six times the strength of conventional materials, are enjoying wide acceptance. Modifications have made them ideal for user as school buildings, airplane hangars truck terminals, warehouses, pipe line substationand as housing of many other types. Product for the petroleum industry are said by bleen and other oil field supply outlets. Other Columbus

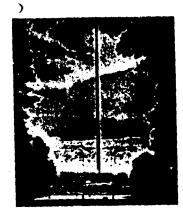
products are marketed by its own sales organization. On the drawing boards at Columbus are designs for improving oil well pumping units incorporating the solid-type gear reducer housing and other advanced features. Other new products include a true-stype sub-structure having 1.5 million pounds capacity and 12 new oil well pumping units. Although Ideco at Columbus is identified closely with the domestic and foreign oil industry, the company's talent and capacity for tower making and structural steel fabrication sattracting added horsiness from many new sources. In 1911 the Columbus plant of Idecontilized 14.2 acres; today, 16.17 acres. The plant area has increased from 320.000 sq. (t. to 30.1000 sq. 6. Employment stands at 169.

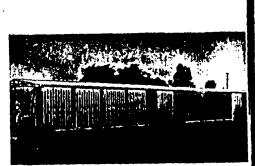


Ideco Steel Building installation with multispen

Ideco Pumping Unit Model F16-DA114

World-recognized Ideca towers for radio, ruder, and television feature triangular-section safety. Ideca engineering covers complete job — design, fabrication, erection and inspection.





Ideca I-Hangers with sliding duors



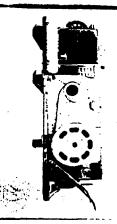
## |)||('(),.../Torrance Plant

The Torrance plant has reached an enviable position among suppliers of oil well drilling and servicing equipment. Among he most significant Torrance developments of recent years is the line of laleo. "Hydrair" and "Ranbler" rig. These rigs each utilize to the fullest extent possible the operating advantages of hydraulic torque converters and air clutches. The "Ranbler" rig. reach or trailer-mounted, is a single mobile piece of equipment including the drawworth, power plant, and drilling man. It may be moved, erected and operated with maximum effectively and with important savings to the owner. It is extremely effective in drilling to depths of 7,000 feet and in nervicing and revorting producing wells to depths of 14,000 feet. A lighter mobile rig with even greater drilling capacity is in the planning stage.

Within the last it months there has been intro-dured in the field the rew Ideos Full-View drill-ing mast, completely lesigned, fabricated and tested by Torrance plant personnel. The mast, available in heights up to 143 feet, provides un-limited visibility, greater floor space and masi-mum safety. It is transported, assembled and erected easily in the field and has received enthu-sisatic approval by those operators now using them.

Commercial products produced at Torrance include steel buildings. AM, FM and television broadcast towers.

The land area at Torrance has grown from 6 acres to 16.2, and plant area increased from 59,008 eq. ft. to 69,087.



Ideco H-20 Hydrair Hoist for Dr Iling end Servicing. Rated for drilling to 2500' with 4'8" drill pipe and for medium depth rod and tubing work.

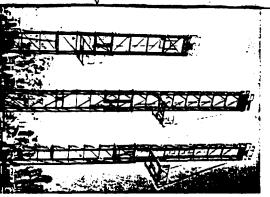
of 340,000 to 600,000 lbs. The Full View Mast combines all the advantages found in the stendard drilling detrick with a lower cost of meeting and rigging up offered by the drilling med. 138' and 143' heights with net hook capacities The Ideco Full View Mast is designed in 133",



over, and servicing rigs equipped with the coar hoists and Kwik-lift masts. Mobile truck and trailer-mounted drilling. - 214

Ideco H-40 Hydrair Ou?+a Driling Host rated 6000 with 413" dr 1 are and maximum of 400 H.P.

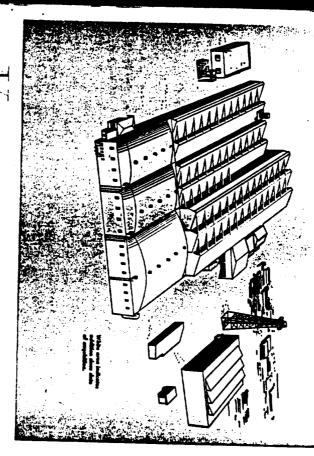




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### \obe. Inc.

To revolutionize an important phase of an industry is an unusual experience for any manufacturing company. In its history Kolle has made everal important and resolutionary changes in the petroleum paraduction industry.

Kohe Torch-Cat slotted pipe and Pro-Parked Gravel Liners were the first setentife approach to the problem of servening oil-hearing formation sands in the well here and are recognized as the standard of quality.

The invention of the hydraulic oil well pumping system was a revolutionary change in production practice and its introduction more than doubled the previous evanemic pumping depth of Jano feet. Outstanding feature of the Kohelydraulic system is the fact that the engine required to operate the fact that the engine required to operate the fortunal-hade pump is hydraulically powered and is in the bottom of

the well. This does away with virtually all of the mechanical power losses which absorb most of the power that is applied to the conventional beam-type pumping systems.

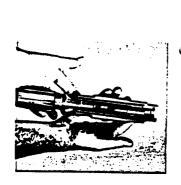
Since becoming one of the Dresser Industries in 1915. Kobe has introduced the "Free Pump," a marked improvement of its original hydraulic system, which resulted direct oil well pumping custs by 2017 through elimination of the equipment and labor necessary in all other systems for service and repair.

Kole's hydraulic system has already made it an important factor in oil well pumping. The high rate of new well completions, the trend toward desper wells and the substantial econes miss inherent in "free pumping" are greatly broadening Koles's present market.

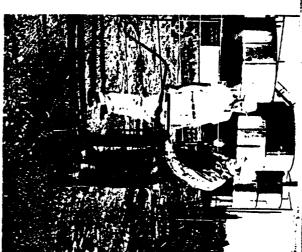


Cantrol Hydroulic Power Plant for California off-share development consists of nine Kobe High-Pressure Triplex Pumps. The output of these units are tied logather and furnish power for 30 wells of present line and eventually will furnish power for 45 wells.

A sectioned Hydraulic Engine Valve Assembly which has five separate metal-to-metal stiding fits that must be mutually interdependent.

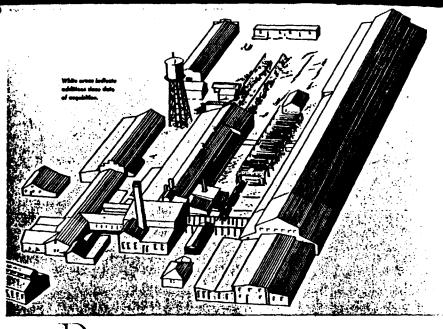


Kabe Central Hydraulic Power Plant supplies and controls pumping power for \$ wells located in Louisona swamp.



Operator at a Texas 5. F Tito# Robe Free Pump wellhead shows "tw essy it is to run bottom hale pump.







Type OIB Centrilugal Bits and red in an eastern food product: pitch Capacity, 12,000 CFM of 12 lbs. gauge total pressure. Turbine driven at 2,200 PPM

Two Type H, 4-stage Terrifugol Gos Compressors in an earlier utility plant. Capacity, 12,500 CFW each of 15 lbs. gouge outlet pressure. Turn he driven at 5,375 RPM.

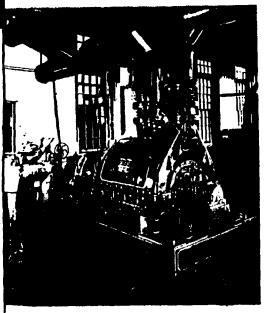


### **)** oots Connersville Blower Corp.

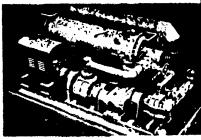
The rotary positive blower and the P. H. & F. M. Roots Co. had their inception in Connersville. Indiana, about 1854, thus beginning a business that carried the Roots name around the world. Merged with the Councreville Blower Corporation in 1931, the company became one of the Dresser Industries ten years later. The developnient of the positive displacement meter utilized the famous twin "figure-right" impeller design for the accurate measurement of air and gas. Rotary positive vacuum pumps have recently been redesigned and are gaining wide recognition in paper mill service. Root-Connersville developed the centrifugal blower and exhau-ter. Morethan 600 of these units, some of them among the largest of this type, have been built and the trend has been toward an increased use of such equipment by the industries Roots serves.

During 1950. Roots-Connersville was awarded a contract for ten centrifugal blowers requiring 53,000 H.P. in electric motors to drive them. Six of these blowers will be rated at 275,000 cu. ft. per minute. Prior to this, the largest centrifugal blower eyer built was rated at 125,000 cu. ft. per minute. The blower impellers, machined from alloy strel forgings, will each weigh 14,600 lbs. in the rough.

Roote-Connersville is completing development work, started over two years ago, on a positive displacement, axial-flow, screw-type compressor of unique design. Since its acquisition by Dresser in 1941. Roote-Connersville has increased its employment to more than 500 and its plant area tow totals 20,7,500 square feet on land area of 32 acres. New installations of machinery and equipment at Roote-Connersville are valued at nearly \$850,000.



Portable type R-C Inert Go: Generator, mounted on a 16 ft. dual-wheel trailer chastit. Weight approximately 20,000 lbs. Capacity is 50,000 CFH. Gos-fired unit for utility service.



Type H, Sistage Centrilization Booster installed in a midwest ability plant. Copietri, 14,000 CFM at 12 llugauge outlet pressure. I record in our at 5,100 RPM.

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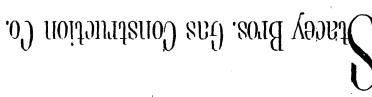
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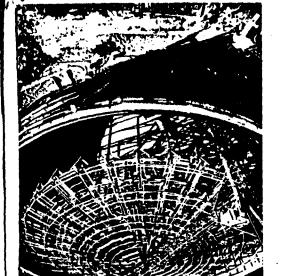
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## esser Products

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Irea Turbiac Pump. Swivels, Drilling Television Towers Tools, Calate

Mad Tresting Chemicals Oil Well Plunger Pumps

Oxygen Plans, Paraffia Controls Portable Drilling Rig-

Powers, Pamping Propose, Sir Haus, Pamp Libers

ted Testing Instruments

Meter, Positive Displacement Need, Drilling

Furbine Pumps, Steam Furbines, Gas

## Officers and Directors

Ollicers	H. N. Mallon  J. B. O'Cornon  R. E. Riber  R. E. Riber  C. Paul. Clain  Antive R. Wish  M. H. Nison  Antive R. Mallon  Antiverse  Antiverse  Antiverse  Antive R. Mallon  Antiverse  Antiverse
Executive Committee	PERSONT S. Buss H. N. Marlon  Tillian A. McVere  J. B. O'Connog
Directors	PERSOTS S. BUSH  NORMAN CHANNESS  C. PAUL CLAR  C. PAUL CLAR  WELLAN V. CARPIN  BERNY P. INACA  WILLIAM M. SONNON  WILLIAM M. MALLON  WILLIAM M. M

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### SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C.

### FORM S-1

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

### Affiliated Gas Equipment, Inc.

(Exact name of Registrant as specified in charter)

17825 St. Clair Avenue Cleveland 10, Ohio

(Address of principal executive offices III FIGURE

CHARLES 1

120-Broadway New York 5, New York

PHILIP W. SCOTT 17825 St. Clair Avenue Cleveland 10, Ohio

(Names and addresses of agents for service)

Approximate date of proposed public offering: As soon as practicable after the effective date of the Registration Statement.

### Calculation of Registration Fee

	Amount being Registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee
\$3.00 Cumulative Preferred Stock (Par value \$50.00)	40,000 shs.	\$53.00°	\$ 2,120,000.00*	\$ 212.00
Common Stock (Par value \$1.00)	1,000,000 shs.	\$10.50*	\$10,500,000.00*	\$1,050.00
Common Stock (Par value \$1.00)	50,000 shs.	\$ 9.00*	\$ 450,000.00*	\$ 45.00

^{*} Determined solely for the purpose of calculating the registration fee.

### CONTENTS OF REGISTRATION STATEMENT

### This Registration Statement comprises-

### Pages numbered I to III.

- (b) The Prospectus, consisting of 52 pages.
- (c) The following financial statements:

The financial statements listed in the Index on page 32 of the Prospectus.

- (d) The following exhibits:
  - Exhibit 1(a) -Copy of Certificate of Incorporation.
    - 1(b) -Copy of Amended Certificate of Incorporation.
    - 2 —Copy of By-Laws.
    - 3 -None
    - 4 -None.
    - 5 -None.
    - 6(a) Specimen Certificate for shares of Common Stock. (To be supplied.)
    - 6(b) —Specimen Certificate for shares of Preferred Stock. (To be supplied.)
    - 7 Copy of proposed form of Term Loan Agreement.
    - 8 —The provisions of the Prospectus appearing under the sub-caption "Indemnification" are hereby incorporated by reference as an Exhibit hereto.
    - 9(a) -Copy of Stock Purchase Plan. (To be supplied.)
    - 9(b) -Copy of form of Stock Purchase Agreement. (To be supplied.)
    - 9(c) -Copy of Incentive Compensation Plan.
    - 10 —Copy of Legal Opinion of Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett. (To be supplied.)
    - 11 -None.
    - 12 —None.
    - 13 -- None.
    - 14(a) -Copy of Underwriting Agreement.
    - 14(b) —Copy of Agreement Among Underwriters.
    - 14(c) -Copy of Selling Group Agreement.
    - 15(a) —Copy of Agreement for sale of Assets, dated , 194, between Bryant Heater Company and Affiliated Gas Equipment, Inc.
    - 15(b) —Copy of Agreement for sale of Assets, dated , 194, between Day & Night Manufacturing Company and Affiliated Gas Equipment, Inc.
    - 15(c) —Copy of Agreement for sale of Assets, dated , 194, between Payne Furnace Company and Affiliated Gas Equipment, Inc.
    - 15(d) —Copy of Agreement dated , 194 between Bryant Heater Company, Day & Night Manufacturing Company and Payne Furnace Company and Affiliated Gas Equipment, Inc. and Reynolds & Co., individually and as Representative of the several Underwriters named in the Underwriting Agreement dated , 194 between Affiliated Gas Equipment, Inc. and Reynolds & Co., individually and as such Representative.

95 3

- 15(e) —Copy of Union Agreement between Bryant Heater Company and the International Union, United Automobile, Aircraft and Agricultural Implement Workers of America, Local 337, C.I.O. dated August 9, 1948.
- 15(f) —Copy of Union Agreement dated as of September 2, 1948 between Bryant Heater Company and International Union, United Automobile, Aircraft & Agricultural Implement Workers of America (C.I.O.) and its Unit Local 888.
- 15(g) —Copy of Union Agreement dated June 28, 1948 between Payne Furnace Company and the Los Angeles Building and Construction Trades Council and Sheet Metal Workers International Association, Local 108.
- 15(h) —Copy of Union Agreement dated April 25, 1948 between Payne Furnace Company and the Los Angeles Building and Construction Trades Council and the Sheet Metal Workers International Association, Local Union No. 371.
- 15(i) —Copy of Employment Agreement, dated August 10, 1948, between Affiliated Gas Equipment, Inc., and Lyle C. Harvey.
- 16 —None.
- 17 -Historical Financial Information.
- 18 -None.
- 19 —Other Expenses of Issuance and Distribution.
- 20(a). -Copy of Consent of Mr. M. J. Fortier. (To be supplied)
- 20(b) -Copy of Consent of Mr. H. N. Mallon. (To be supplied)
- 20(c) -Copy of Consent of Mr. W. A. McAfee. (To be supplied)
- 20(d) -Copy of Consent of Mr. H. W. Grindal. (To be supplied)
- 21(a) -Copy of Engineering Survey of Messrs. Sanderson & Porter.
- 21(b) -Copy of Consent of Messrs. Sanderson & Porter. (To be supplied)

### AGREEMENT FOR SALE OF ASSETS

### DAY & NIGHT MANUFACTURING COMPANY

THIS INSTRUMENT, executed this day of , 19 , by AFFILIATED GAS EQUIPMENT, INC., a Delaware corporation (hereinafter sometimes referred to as "Buyer") and DAY & NIGHT MANUFACTURING COMPANY, a California corporation (hereinafter sometimes referred to as "Seller"), is to evidence the following agreement between Buyer and Seller.

### PRELIMINARY STATEMENT OF FACTS

Seller desires to sell to Buyer and Buyer desires to purchase from Seller all of the assets, property and business of Seller as of the close of business October 31, 1948, subject to adjustments resulting from operations of Seller subsequent thereto and prior to the consummation of the purchase. It has been agreed that the consideration for the purchase will be the payment by Buyer to Seller of the sum of \$\frac{1}{2}\$ in current New York funds, and the assumption by Buyer of Seller's liabilities as of the close of business October 31, 1948, as shown on a Balance Sheet of Seller as of said date, which has been prepared at the instance of Seller and which, together with a Profit and Loss Statement of Seller for the year ended October 31, 1948, are annexed to this Agreement and marked Annex "A."

While the purchase of the assets and assumption of the liabilities of Seller will be made by Buyer as of the close of business October 31, 1948 (hereinafter referred to as the "take-over date"), the date of delivery of the conveyances of Seller's assets to Buyer and of the payment by Buyer to Seller of the purchase price and of the delivery by Buyer to Seller of its agreement of assumption of liabilities of Seller (hereinafter referred to as the "closing date") will be delayed due to the necessity of completing the organization of Buyer and effecting the sale to underwriters of Buyer's stock, as more particularly hereinafter set forth, and due to the necessity of preparing conveyances, examining titles and attending to other details necessary to be attended to after the execution of this Agreement. It has therefore been agreed that all operations of Seller, subsequent to the take-over date and prior to the closing date, shall be deemed for the account of Buyer, in the event the purchase is consummated. The organization and financing of Buyer and the other preliminary work above referred to should, however, all be completed and the purchase contemplated by this Agreement be ready to close not later than January 31, 1949.

Accordingly, it is agreed as follows:

### ARTICLE I

### SELLER REPRESENTS AND WARRANTS:

- 1.01. That the Balance Sheet of Seller as of the close of business October 31, 1948, and the Profit and Loss Statement of Seller for the year ended October 31, 1948, attached hereto and marked Annex "A", are complete and correct, have been prepared in accordance with accepted principles of accounting consistently maintained (except as noted thereon), and fairly reflect the financial condition of Seller as of the close of business October 31, 1948, and the result of its operations for the year ended October 31, 1948. That all liabilities of Seller as of said date are set forth in said Balance Sheet or that adequate reserves have been set up for such liabilities and are reflected therein and that each commitment of Seller in excess of \$150,000 is noted therein. That since October 31, 1948, the operations of Seller have been conducted in the usual and normal manner, that no dividends have been declared or paid subsequent to the close of business October 31, 1948, that no unusual losses have been sustained by Seller since said date and that the business, property and assets of Seller are in the same condition as disclosed by said Balance Sheet except for such normal and usual changes as may have taken place in the ordinary course of business. That the Federal Income and Excess Profits Tax returns of Seller for the fiscal year ended October 31, 1946 and all previous years have been examined by the Internal Revenue Department, and that all tax deficiencies (if any) assessed as a result thereof remaining unpaid as of October 31, 1948, are reflected on said Balance Sheet as a liability.
- 1.02. That Seller has, and will on the closing date have, good and merchantable title in fee simple to all real estate owned by it which is reflected in said Balance Sheet, free and clear of all liens and encumbrances whatsoever, except current taxes and assessments not yet due and payable and easements and restrictions of record.
- 1.03. That Seller has, and will on the closing date have, good right and title to all other property of every class and description reflected in said Balance Sheet and to all trademarks, trade names,

patents, patent applications and licenses, listed on Annex "B" hereto attached, free and clear of all liens and encumbrances whatsoever.

- 1.04. That no action, suit or proceeding at law or in equity is pending, or, to the knowledge of Seller, threatened against Seller, and that no proceeding is pending, or, to the knowledge of Seller, threatened against Seller, before or by any Federal or State commission, board or administrative agency, wherein an unfavorable decision, ruling or finding would materially and adversely affect the business, operation, financial condition or income of Seller; and that Seller knows of no open violation with respect to the operations or property of Seller under any municipal, county, state or federal statutes, ordinances, rules or regulations.
- 1.05. That Seller has the legal right, power and authority to sell and convey the assets contracted to be sold and conveyed by it thereunder, free and clear of all liens and encumbrances whatsoever, except current taxes and assessments not yet due and payable, and easements and restrictions of record disclosed by Seller to Buyer.
- 1.06. That all the warranties and representations with respect to the title of Seller in and to any of its property or assets shall survive the transfer and conveyance thereof to Buyer.
- 1.07. Buyer represents and warrants that it is now and on the closing date will be a corporation duly organized and existing in good standing under the laws of the State of Delaware with an authorized capital stock consisting of 40,000 shares of \$3.00 Cumulative Preferred Stock of the par value of \$50.00 each and 2,000,000 shares of Common Stock of the par value of \$1.00 each.

### ARTICLE II

- 2.01. Seller agrees to sell, convey, transfer and assign to Buyer all of its business, assets and property as of the close of business October 31, 1948, and Buyer, subject to the conditions and provisions of this Agreement hereinafter expressed, agrees to purchase the same as of said date, and as consideration therefor to pay to Seller the sum of \$\frac{1}{2}\$ in current New York funds, and to assume all of the liabilities of Seller shown on said Balance Sheet or for which reserves have been set up on said Balance Sheet (provided, however, that liabilities not shown on said Balance Sheet but reserved for shall be assumed only to the extent of the amount of the reserve set up therefor) and any and all liabilities of Seller incurred subsequent to October 31, 1948 and prior to the closing date, except such liabilities as Seller is prohibited by this Agreement from incurring.
  - 2.02. The transaction contemplated by this Agreement shall be consummated at

at the close of business on the closing date which shall be such date as shall be fixed by Buyer by written notice to Seller specifying the closing date not less than three full business days prior to such date; provided, however, that the closing date shall in no event be later than February 28, 1949.

- 2.03. In the event that the transaction contemplated by this Agreement is consummated, it is understood and agreed that all of Seller's operations subsequent to the take-over date and up to and including the closing date will be deemed for every purpose to have been conducted for the account of Buyer, and Buyer shall be entitled to all the profits and will bear all the losses incurred during said period, subject to the provisions hereof.
- 2.04. It is understood and agreed that if, upon the final determination of the Federal income tax liability of Seller for the fiscal year ended October 31, 1948 and all prior years it should transpire that the amount of the liability for such taxes set up on said Balance Sheet plus the amount of the reserve for such taxes set up thereon shall exceed the total amount of such liability as of October 31, 1948 as finally determined, then Buyer shall, promptly on such final determination, pay to Seller the amount of any such excess.

### ARTICLE III

- 3.01. On the closing date Seller will deliver to Buyer appropriate instruments of such kind and character as may be necessary or expedient to evidence and to effect the conveyance, assignment, sale and transfer of the business, property and assets of Seller to Buyer pursuant hereto and will place Buyer, its officers, agents and employees in full possession and enjoyment of all of the property, assets and business of Seller. Seller shall pay all proper documentary stamp taxes applicable to such conveyance, assignment, sale and transfer.
- 3.02. Without limiting the generality of Paragraph 3.01, Seller will deliver to Buyer on the closing date, duly executed by Seller, the following instruments:
  - (a) Deeds of general warranty, embracing all of the real estate of Seller owned in fee simple, conveying the said real estate to Buyer and warranting good title to the real estate thereby conveyed,

free and clear of all liens and encumbrances whatsoever except current taxes and assessments not yet due and payable, and except easements and restrictions of record.

- (b) Instruments of assignment and transfer of all leases of real estate of which Seller is Lessee and conveyances of all other interests in real estate owned by Seller other than those described in (a) above.
- (c) Assignments and transfers of all bank deposits (save to the extent that same are represented by outstanding checks of Seller), all funds in transit, all notes and accounts receivable, and all other contracts, commitments and choses of action whatsoever.
- (d) Assignments and transfers, in appropriate form for recording in the United States Patent Office, of all trademarks and trade names owned by Seller or to which it is entitled, including all trademarks and trade names listed on Annex "B" hereto attached.
- (e) Assignments and transfers, in appropriate form for recording in the United States Patent Office and the respective foreign patent offices involved, of all patents, domestic or foreign, and all applications therefor owned by Seller or to which it is entitled, and all licenses owned by Seller, whether as Licensor or Licensee, including all patents, patent applications and licenses listed on Annex "B" hereto attached.
- (f) All cash on hand and all serurities, certificates of stock and evidences of indebtedness owned by Seller, together with properly executed transfers or endorsements thereof.
- (g) Bills of sale embracing all machinery, equipment, inventory, supplies, furniture and all other property of Seller of every kind and description and wheresoever situated, excepting only such property as shall be conveyed to Buyer by other instruments of conveyance specifically mentioned in this Article III.
- (h) All books of account and records of Seller, provided, however, that Seller's duly authorized representatives shall have access to same at all times during regular business hours.
- 3.03. All such deeds, conveyances and instruments of assignment and transfer shall be submitted to Counsel for Buyer for inspection, prior to the delivery thereof, and shall be subject to the approval of Buyer's Counsel.
- 3.04. Subject to the conditions hereinafter expressed, Buyer will, concurrently with the delivery to it of the conveyances and instruments of assignment and transfer hereinbefore in this Article III described, pay to Seller in current New York funds the sum of \$ , and will deliver to Seller at such time an appropriate instrument or instruments in writing, duly executed by it and in form as approved by Counsel for Seller, of assumption of all of the liabilities of Seller as of the close of business October 31, 1948, if and to the extent that the same are reflected or reserved for on said Balance Sheet, Annex "A" and any and all liabilities of Seller incurred subsequent to said date and prior to the closing date, except such liabilities as Seller is prohibited from incurring by the provisions of this Agreement.

### ARTICLE IV

- 4.01. Seller agrees that, pending the closing of the transaction contemplated by this Agreement, it will conduct its business in the usual manner, will not make any abnormal commitments, will not waive any rights of any substantial value and will not enter into any transactions or dispose of any of its property other than in the usual and ordinary course of business except with the written consent of Buyer first had and obtained.
- 4.02. Seller agrees that it will not declare or pay any dividends or make any other distribution upon its capital stock subsequent to the date hereof and prior to the closing date.
- 4.03. Seller agrees that, subsequent to the date hereof and prior to the closing date, it will not mak any single capital expenditure of over \$25,000 in amount or any capital expenditures in excess o \$100,000 in the aggregate, except with the written consent of Buyer first had and obtained and except for expenditures committed for prior to November 1, 1948.
- 4.04. Seller agrees that it will not, subsequent to the date hereof and prior to the closing date increase the salary of any of its officers or pay or accrue any bonus or other extraordinary compensatio to any of its officers or salaried employees, except as provided in the existing Incentive Compensatio Plan of Seller.
- 4.05. Seller agrees that, subsequent to the date hereof and prior to the closing date, it will mak no charitable contribution in excess of \$1,000 except with the written consent of Buyer first had an obtained.

### ARTICLE V

- 5.01. The obligations of Buyer to consummate the transaction contemplated by this Agreement are subject to the following express conditions precedent:
  - (a) That prior to the closing date Buyer shall have sold an issue of 1,000,000 shares of its Common Stock of \$1.00 par value at such price as shall net to it not less than the sum of \$8,000,000 and shall have received payment in full therefor, it being understood and agreed that Buyer will use its best efforts to issue and sell to such underwriting group as may be selected by it, said issue of shares of Common Stock of Buyer on or before the closing date at such price as shall net to it the sum of at least \$8,000,000.
  - (b) That prior to the closing date Buyer shall have sold an issue of 40,000 shares of its \$3.00 Cumulative Preferred Stock of \$50.00 par value at such price as shall net to it not less than the sum of \$ and shall have received payment in full therefor, it being understood and agreed that Buyer will use its best efforts to issue and sell to such underwriting group as may be selected by it, said issue of shares of \$3.00 Cumulative Preferred Stock of Buyer on or before the closing date at such price as shall net to it the sum of at least \$
  - (c) That prior to the closing date Buyer shall have consummated a Loan Agreement with insurance companies aggregating a borrowing in the amount of \$4,000.000.
  - (d) That no material transactions shall have been entered into by Seller, other than transactions in the usual course of business, between October 31, 1948 and the closing date, except with the written consent of Buyer first had and obtained; that none of the property or assets of Seller shall have been disposed of during such period except in the usual course of business; that no abnormal commitments and no single capital expenditure in excess of \$25,000 or capital expenditures in excess of \$100,000 in the aggregate shall have been made between the date hereof and the closing date, except with the written consent of Buyer first had and obtained and except for expenditures committed for prior to November 1, 1948.
  - (e) That there shall have been no material adverse change in the condition of Seller, financial or physical, other than loss of or damage to physical properties, or the use thereof, fully compensable under insurance in force at the time between October 31, 1948 and the closing date.
  - (f) That on the closing date no action, suit or proceeding at law or in equity shall be pending, or, to the knowledge of Seller, threatened against Seller, and that no proceeding shall be pending, or, to the knowledge of Seller, threatened against Seller before or by any Federal or State commission, board or administrative agency, wherein an unfavorable decision, ruling or finding would materially and adversely affect the business, operation, financial condition or income of Seller.
  - (g) That Buyer shall have received the opinion of Counsel for Seller, Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett (which opinion shall be rendered at the expense of Seller), and the opinion of Counsel for Buyer, Messrs, Townsend and Lewis, to the effect that all necessary corporate action has been taken by Seller, its Board of Directors and its shareholders to authorize the execution and delivery of this Agreement and the consummation of the transaction contemplated thereby in accordance with the terms, conditions and provisions thereof, and that upon the execution and delivery thereof this Agreement will constitute the legal and binding obligation of Seller.
  - (h) That Seller shall have made available to Messrs. Townsend and Lewis, Counsel for Buyer, all material contracts to which Seller is a party, including, but not by way of limitation, all leases, mortgage instruments and instruments of conveyance of title to real or personal property of Seller, all documents pertaining to the organization and continued existence of Seller, minutes of all meetings of the Board of Directors and shareholders of Seller, and all other pertinent information reasonably requested by Buyer or Messrs. Townsend and Lewis.
  - (i) That Buyer shall have received, at the expense of Seller, the opinion of Counsel for Seller to the effect that Seller has good right and title in fee simple to all real estate which it purports to own free and clear of all encumbrances whatsoever, except current taxes not yet due and psyable and easements and restrictions of record.
- 5.02. Compliance with the provisions of Subparagraphs (a), (b), (c) and (d) of Paragraph 5.01 hereof shall be evidenced by the certificate of an executive officer or officers of Seller to be delivered to Buyer upon the closing date concurrently with the delivery of the other instruments and documents to be delivered to Buyer on said date pursuant to the provisions of this Agreement.

### ARTICLE VI.

- 6.01. Seller will take all necessary corporate action to carry out and complete its voluntary dissolution and liquidation and to effect its withdrawal as a foreign corporation from the several states in which it is qualified to do business as a foreign corporation, as promptly as is reasonably practicable. Seller will give prompt written notice to Buyer when all of the foregoing actions shall have been taken, and will cause its Certificate of Dissolution to be filed with the Secretary of State of California, and its several Certificates of Withdrawal to be filed with the respective Secretaries of State of the States where it is qualified to do business as a foreign corporation, upon and pursuant to the written instructions of Buyer. Seller will also, at the request of Buyer, furnish its written consent to the Secretary of State of California to the incorporation under the laws of the State of California of a new corporation to be formed by Buyer having the name "Day & Night Manufacturing Company."
- 6.02. All notices required or contemplated by this Agreement if for Seller shall be mailed or telegraphed to Seller addressed as follows: Day & Night Manufacturing Company, Shamrock Ave., at Duarte Ave., Monrovia, California, attention Mr. W. J. Bailey, Jr., President, and if for Buyer shall be mailed or telegraphed to Buyer addressed as follows: Affiliated Gas Equipment, Inc., 17825 St. Clair Avenue, Cleveland 10, Ohio, attention of Mr. L. C. Harvey, President.
- 6.03. This Agreement may not be assigned by Buyer except with the written consent of Seller first had and obtained.

IN WITNESS WHEREOF the parties hereto have caused their respective corporate names to be signed and their respective corporate seals to be affixed by their respective proper officers thereunto duly authorized.

Affiliated Gas Equipment, Inc.

In the presence of: .	ByPresident
	-
(CORPORATE SEAL)	
Attest:	
Secretary	•
	Day & Night Manufacturing Company
In the presence of:	By
· · · · · · · · · · · · · · · · · · ·	
(CORPORATE SEAL)	
Attest:	
Secretary	

### ANNEX "A"

### ACCOUNTANTS' REPORT

Board of Directors, Day & Night Manufacturing Company, Monrovia, California.

We have examined the balance sheet of Day & Night Manufacturing Company as of October 31, 1948, and the statements of profit and loss and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the financial position of Day & Night Manufacturing Company at October 31, 1948, and the results of its operations for the year, in conformity with generally accepted accounting principles which, except that charges for overall management services were discontinued as of October 31, 1947, as outlined in Note A to the profit and loss statement, have been applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

Cleveland, Ohio November 22, 1948

### ANNEX "A" (Continued)

### BALANCE SHEET

### DAY & NIGHT MANUFACTURING COMPANY

### October 31, 1948

<b>Western 20, 2770</b>		
ASSETS		
Current Assets		\$ 360,763
Accounts receivable—trade	\$1,164,407	
Less reserve	26,908	1,137,499
Account receivable—affiliated company		512
Finished products and parts In-process products and parts Raw materials and supplies	\$ 553,174 258,148 1,032,592	1,843,914
Total Current Assets		\$3,342,688
Other Assets Miscellaneous receivables, etc		21,914
Property, Plant, and Equipment—at cost less reserves for		
depreciation Land and land improvements	\$ 45,129	
Buildings Machinery and equipment, etc.	237,805 878,891	
Less reserves for depreciation	\$1,161,825 312,501	849,324
Deferred Charges Prepaid insurance, deferred taxes, etc		<i>57,7</i> 06
	••	\$4,271,632
LIABILITIES, CAPITAL STOCK, AND SUI	RPLUS	
Current Liabilities		e 170 774
Accounts payable		\$ 378,776 553,140
Pay rolls and other compensation	\$ 259,144	
Taxes, other than taxes on income	59,641 21,072	339,857
Federal taxes on income—estimated		523,411
Total Current Liabilities		\$1,795,184
Capital Stock and Surplus—Notes A and B Capital stock:		
Original preferred stock, par value \$10.00 a share:		
Authorized and outstanding 15,000 shares	\$ 150,000	
7% preferred stock, par value \$10.00 a share: Authorized and outstanding 17,500 shares 6% preferred stock, par value \$10.00 a share:	175,000	
Authorized 32,500; outstanding 16,375 shares	163,750	
Common stock, par value \$10.00 a share: Authorized and outstanding 5,000 shares	50,000	
transmission and aminimisting alaba querage		
Earned surplus	\$ 538,750 1,937,698	2,476,448
	•	<b>\$4,271,632</b>

\$51,325

Note A-All outstanding shares of capital stock at October 31, 1948 were owned by Dresser Industries, Inc.

### ANNEX "A" (Continued)

### STATEMENTS OF PROFIT AND LOSS AND SURPLUS DAY & NIGHT MANUFACTURING COMPANY Year ended October 31, 1948

### PROFIT AND LOSS

Net sales		\$ 9,058,615 6,254,948
Selling, engineering, general and administrative expenses-Note A		\$ 2,803,667 1,434,494
		<b>\$ 1,369,173</b>
Other income: ' Interest earned	\$ 179 6,365	6,544 \$ 1.375.717
Other deducations.		# 1,0/0,71/
Other deductions:		
Interest expense Loss on disposal of depreciable assets—net Miscellaneous	\$ 5,801 1,634 14,596	22,031
Profit Before Federal Taxes on Income	-	\$ 1,353,686
Federal taxes on income:		
Provision for the year—estimated	\$514,000 1,804	515,804
Net Profit		\$ 837,882
SURPLUS		
Earned Surplus		
Balance at November 1, 1947		\$ 1,146,216 837,882
Deduct cash dividends paid:		\$ 1,984,098
Original preferred stock—\$.99 a share	\$ 14,956 17,449 13,995	46,400
Balance at October 31, 1948		\$ 1,937,698 B
,		
Note A—Charge to this company for overall management services of Dresser I was discontinued as of October 31, 1947.  Note B—Dividends on the various classes of capital stock were in arrears at October 31, 1947.		
On original preferred stock—\$1.10 a share On 7% preferred stock — 1.10 a share On 6% preferred stock — 93 a share		6,544 9,301 5,480
Total		1,325

### ANNEX "B"

### DAY & NIGHT MANUFACTURING COMPANY

### United States Patents Patent

Description	No.	Date of Patent	Expiration Date		
Burners for Hydrocarbon Gases Burners for Hydrocarbon Gases Burners for Hydrocarbon Flues Internal Flues for Hot Water Heaters A Combined Valve and Thermostat A Cabinet for Wall Furnace or Similar	2061561 2061562 2220247 1991788 1948064 D133465	November 24, 1936 November 24, 1936 November 5, 1940 February 19, 1935 February 20, 1934 August 18, 1942	November 24, 1953 November 24, 1953 November 5, 1957 February 19, 1952 February 20, 1951 August 18, 1956		
Article Sectional Steam Boilers Down Draft Diverters Gas Heaters Metal Screens Radiant Mantles Radiant Mantles Overhead Gas-Fired Radiators and Re-	D134409 2196102 1925744 2331950 2421743 2263432 2280061	November 24, 1942 April 2, 1940 September 5, 1933 October 19, 1943 June 10, 1947 November 18, 1941 April 21, 1942	November 24, 1956 April 2, 1957 September 5, 1950 October 19, 1950 June 10, 1964 November 18, 1958 April 21, 1959		
flectors	2439038	April 6, 1948	April 6, 1965		
Aı	ustralian Pa	-			
Gas Burner  Burners for Hydrocarbon Gases  Improvements in or relating to radiant type heaters and mantles for use in radiant	101801 113569	November 3, 1936 September 3, 1940	November 3, 1952 September 3, 1956		
type heaters  Burner for Hydrocarbon Gases  Improvements in or relating to heating ele-	112028 102567	December 28, 1939 November 3, 1936	December 28, 1955 November 3, 1952		
ments Improvements in or relating to heaters	116923 120197	May 9, 1942 June 23, 1943	May 9, 1958 June 23, 1959		
Canadian Patents					
Burners for Hydrocarbon Gases Flues Gas Heating Apparatus* Gas Heaters Radiant Mantles	395997 358216 397879 423587 429885	April 22, 1941 June 2, 1936 July 8, 1941 November 7, 1944 September 11, 1945	April 22, 1958 June 2, 1954 July 8, 1958 November 7, 1961 September 11, 1962		
*One-half interest to Day & Night,					
Mexican Patents					
Improvements in or relating to heaters	42767	October 29, 1943	October 29, 1958		
New Zealand Patents					
Gas Burner Burner for Hydrocarbon Gases Burners for Hydrocarbon Gases Improvements in or relating to radiant type heaters and mantles for use in radiant	76911 76912 83732	October 28, 1936 October 28, 1936 August 28, 1940	October 28, 1952 October 28, 1952 August 28, 1956		
type heaters*	<b>82</b> 865	January 4, 1940	January 4, 1956		
ments Improvements in or relating to heaters	85761 8 <b>7</b> 063	May 19, 1942 June 10, 1943	May 19, 1958 June 10, 1959		
* One-half interest to Day & Night.					
Great Britain Patents					
Metal Screen	594618	June 8, 1945	June 8, 1961		
Arg	entinean Pa	ulenis			
Container Resistant to Corrosive Elements Improvements in or relating to heating ele-	52455	August 11, 1941	August 11, 1956		
ments	54609 62430	February 5, 1943 December 16, 1947	February 5, 1958 December 16, 1962		

### ANNEX "B" (Continued)

### DAY & NIGHT MANUFACTURING COMPANY

### Patent License Agreements

Licensor	Date of License	Description
Linde Air Products Company	November 4, 1947	License to use "Heliarc Welding Process".
Harry E. Hagenbuch	October 29, 1947	Non-exclusive license covering "draft control means for gas heaters".
(Mrs.) Marie Dolan White	January 1, 1947	Exclusive license covering "Circulating Liquid Cooler".
Harper J. Ransburg Company	July 30, 1946	License and rental agreement covering electrostatic spray paint process and equipment.
New Jersey Zinc Company	September 26, 1944	Non-exclusive, royalty-free license to use Patent No. 2035380 pertaining to zinc treatment of iron and steel articles. Patent expires March 24, 1953.

### ANNEX "B" (Continued)

### DAY & NIGHT MANUFACTURING COMPANY

### Trademarks - Registered or Applied For

Water Heaters — Bailey, Day & Night, Crest, Day and Night Immersion, Heatwave, Liberty, Triangle, Twin Flue.

Water Coolers - Day and Night.

Space Heaters - Day and Night, Lectro-Glo, Panelray.

BRYANT HEATER COMPANY

DAY & NIGHT MANUFACTURING COMPANY

PAYNE FURNACE COMPANY

SANDERSON & PORTER

PRODUCED AT THE HATIONAL ABOURT

SAN FRANCISCO 4 1 MONTGOMERY STREET

### SANDERSON & PORTE

ENGINEERS AND CONSTRUCTORS
52 WILLIAM STREET, NEW YORK 5

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August 10, 1948

DRESSER INDUSTRIES, INC., 1106 Terminal Tower, Cleveland, Ohio.

### GENTLEMEN:

At your request we made an examination of the businesses and properties of Bryant Henter Company, Cleveland, Ohio, and Tyler, Texas; Day & Night Manufacturing Company, Monrovia, California; and Payne Furnace Company, Beverly Hills, California, all manufacturers of various types of heating devices, principally of the gas-fired type. These Companies are wholly owned subsidiaries of Dresser Industries, Inc., and constitute the Gas Appliance Division of that Corporation.

The purpose of our examination was to study the position and prospects of a combination of the properties of the three subsidiaries under the ownership of a new company to be formed. We understand the change of ownership is to be accomplished by the sale to the public  $e^{\varepsilon}$  common stock in the new company.

The scope of our examination included review of the history, development, and recent financial record of each of the Companies; a study of the products of each and an inspection of all manufacturing facilities; a study of the competitive situation in the gas fired appliance industry; and an analysis of the heating fuel situation in the United States, with particular emphasis on the probable future supply and price relationship of natural gas as compared to other fuels for widespread residential use. During the course of our examination, we discussed the affairs of the Companies with all of their principal officers and officials; reviewed the competitive and industry situation with the managing directors of trade associations, representatives of Government departments such as The Bureau of Mines of The Department of the Interior, and the Federal Power Commission. We also visited and interviewed the managers of several of the Companies' branch offices and distributors, and discussed the general features of the gas appliance industry with responsible officials of several important public utility companies in the United States. In addition, we have drawn upon our own experience in matters relating to natural gas supply, transmission, and distribution and upon our many years of experience in examining businesses including several in the heating industry.

Our conclusions regarding the Companies' financial records have been based in large part upon information obtained from their officials partly as from their books and records, and in part upon reports of audit by certified public accountants.

For convenience of reference elsewhere herein, the Companies mentioned above are referred to as "Dresser", "Bryant", "Day & Night", and "Payne".

### SUMMARY AND CONCLUSIONS

Summarizing the more important conclusions and recommendations, which are set forth with their respective bases elsewhere in this report, we are of the opinion that:

Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company are well established in the gas-fired appliance business; their territorial coverages and lines of products are generally complementary; in response to the large postwar demand for housing, sales of the Companies' products increased markedly; this together with high prices, has resulted in increases in sales from an average of about \$4,800,000 in the years 1927 to 1940, to an estimated \$21,000,000 in the current fiscal year; the prospects for continued successful operation are good.

The Companies have constituted the Gas Appliance Division of Dresser Industries, Inc. since the acquisition of Bryant in 1933 and of Day & Night and Payne in 1945; inasmuch as each Company has been operated by a virtually autonomous organization the change to new ownership should present no serious management or organizational problems.

The fine reputation of the Companies' products is largely traceable to intensive research and engineering; continuance of such technical development of such products should be the keystone of the new company's operating policy.

The future progress of the Companies will probably be closely related to the use of manufactured, natural, and liquefied petroleum gases as domestic and commercial heating fuels; the convenience of usage and the steadily improving price relationship to other fuels holds good promise that these gases will increase in public favor as fuels in the future.

There is an adequate supply of natural gas available at the sources in this country, but the extension of distribution lines is now impeded by the lack of steel pipe; as steel becomes available the consumption of natural gas should increase during the next few years unless progress is interrupted by war or by a serious

The use of liquefied petroleum gases for fuel has increased markedly in the last 20 years, but present and prospective prices seem to limit their use to appliances of small gas consumption such as domestic cooking, water heating, and refrigeration. Although these fuels meet a definite need where piped gas is not available, the present outlook as to cost and prospective usage places them secondary to manufactured and natural gas as domestic heating fuels.

The Companies together produce a complete line of gas-fired residential heating and water heating equipment.

The general sales policies and methods of distribution of the Companies' products are basically sound and should provide a good foundation for continued expansion of sales volume and territorial coverage; the home office supervision of distributors' selling activities is well ordered and should produce good results under most competitive conditions.

Bryant Heater Company has augmented its productive capacity by subcontracting the manufacture of about one-fifth of its products since the war; this practice has enabled the Company to attain a great increase in sales volume without the delay of awaiting new plant construction, but subcontracting involves additional costs for inspection, freight and handling, and for profit to subcontractors.

Elimination of all or part of present subcontracted operations in the interest of better operating convenience and improved profit margins would require enlargement and rearrangement of Bryant Heater Company's Cleveland manufacturing facilities; additional office space is needed, particularly so if the Bryant location is selected as headquarters for the new owning company; the fixed capital requirements for these improvements and additions would be about \$750,000.

Working capital has been provided by the retention in the businesses of a large portion of earnings and by each advances from the parent Company; in connection with the transfer to new ownership current borrowings from Dresser have been repaid with the proceeds of a commercial bank loan of \$2,850,000. The amount of additional working capital presently needed for current business is about \$2,250,000; if during the next three to five years not more than half of net carnings is distributed as dividends and sales volume and profits increase as expected, no further working capital should be required.

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### CORPORATE HISTORIES

### Bryant Heater Company

This business was organized in Cleveland in 1908 and has been engaged in the manufacture and sale of heating boilers and furnaces, mostly of the gas-fired type, since that time. In 1933 the business was incorporated under the laws of Ohio and all of the Common stock was obtained by Dresser Industries, Inc. in return for financial assistance which Dresser undertook to provide. As part of this arrangement Preferred stock was issued to the former holders of the Common stock. The Preferred shares were retired in 1939. Bryant was the first subsidiary of Dresser Industries, Inc. in the beating appliance field.

In 1946 an additional manufacturing building was leased in Tyler, Texas, and began the manufacture of domestic water heaters, a new product with Bryant Heater Company.

### Day & Night Manufacturing Company

This business was started at Monrovia, California in 1909 by William J. Bailey, the present Chairman of the Board of Directors. Its first products were Solar water heaters. In 1911 the business was incorporated under the laws of the State of California as Day & Night Solar Heating Company, and acquired Mr. Bailey's patents and rights.

The capitalization was changed from time to time and in 1922 the corporate name was changed to Day & Night Water Heater Company. The business of the Triangle Water Heater Company was purchased in that year.

All of the outstanding Preferred and Common shares of the Company were acquired by Dresser Industries, Inc. in April 1945 in exchange for Common stock of Dresser.

### Payne Furnace Company

This business was started in 1914 as a sheet metal shop by E. W. Payne and his son, E. L. Payne, under the name E. W. Payne and Son. It was originally located in Los Angeles, but increasing demand for larger quarters forced the removal to Beverly Hills in 1921, where it is still located. In 1922 the business was incorporated under California laws under the name Payne Furnace and Supply Company. In 1937 it was reorganized as a new corporation named Payne Furnace and Supply Company, Inc. The capitalization was changed several times. In 1937 the assets and business of Electrogas Furnace and Manufacturing Company, a co-partnership, were purchased for cash, but after a few years of unsuccessful operation this business was discontinued.

The acquisition of the business by Dresser Industries, Inc. in February 1945 was accomplished by the purchase of its net assets. These assets were then transferred to a new company known as Payne Furnace Company, the entire capital stock of which has been owned by Dresser Industries. Inc.

### THE PROPOSED NEW COMPANY

The proposed new company is to be incorporated to purchase the assets and assume t'liabilities of Bryant Heater Company, Day & Night Manufacturing Company, and Pay Furnace Company. We understand the proceeds of securities sold to the public will be used to purchase the businesses. We are informed that a long term loan will be obtained from private sources to provide fixed capital for plant expansion and additional working capital. The amounts due Dresser for seasonal working capital advances already have been repaid from the proceeds of commercial bank loans made by each of the companies in June 1948 totaling \$2,850,000.

The plan of the new Company is to operate each of the businesses as a Division of the new Company. There are to be no major changes in management, and essentially the same organizations which have successfully managed the Companies in recent years will continue in the same positions.

The trade names, product identities, and relations with trade channels and buying public will remain virtually unchanged, and the new Company will thus avoid disruptions of business relationships which are costly to build up.

The past operating practices of the Companies present no serious conflict which would militate against continued successful operation under new ownership.

Under Dresser ownership the Companies, pursuant to a policy applicable to all Dresser operating divisions and subsidiaries, have made annual payments to Dresser for management services. These payments, which we understand are based on the sales of each subsidial amounted to \$265,000 for the fiscal year 1946, \$326,000 for 1947, and \$222,856 in the first eigmonths of the current fiscal year. Under combined operation without the aid of the Dresser organization, the Companies will probably have some additional expenses attributable to the joint operation, but we believe they will fall short of these amounts and that a substantial part of these discontinued payments may be looked upon as additional earning power available to the business as a result of the new ownership.

In general, we think the proposed plan is sound, and since it makes little or no change in businesses that have beretofore operated successfully, there is ample reason to expect continued success.

### **PRODUCTS**

The three Companies make many sizes and types of units for different operating conditions, but they may be broadly classified into two main categories, heating equipment and water heaters. Other products, unimportant in volume, include water coolers, evaporative coolers, industrial burners, industrial heating devices, and range oven lighters. All of the Companies specialize in gas-fired units with a few models designed for other fuels. For convenient

comparison of each Company's line, we prepared the table below showing the principal products made by each:

### PRINCIPAL PRODUCTS

	Bryant Heater Company	Day & Night Manufacturing Company	Payne Furnace Company
Boilers—cast iron	•		
Air furnaces—cast iron—gravity	x		
Air furnaces—cast iron—forced air	z		
Air furnaces-steel-gravity	¥		Z
Air furnaces-steel-forced air	x		x
Floor furnaces—steel	· <b>x</b>		2
Room heaters	*	Z	3
Wall heaters	İ	Z	x
Unit heaters			
Conversion burners	z		
Water henters	z	Z	
Water coolers		x	
Evaporative coolers			<b>z</b> .

While the above table would seem to indicate considerable duplication, close analysis shows that the products are largely complementary in the matter of style, price range, and capacity. Bryant, which originated in Cleveland, has developed its line principally to meet the demands of the relatively cold climate of the northeastern and middle western states; Payne and Day & Night, both Pacific Coast companies, have designed their products for the lighter heating requirements of that area with emphasis on small heaters to warm one or more rooms during the colder hours of the day. Water heaters are of the same general design in both Companies. Bryant, because of its location in the highly industrialized northeastern area is the only one of the Companies making unit heaters used in industrial and commercial and institutional buildings.

In the course of our investigation we interviewed many distributors, dealers, and others well informed on gas appliances and found that the products of all the Companies enjoy an excellent reputation in the trade; and many of them are regarded as the best in their field. Some of the newer products have not yet attained such acceptance, but we think it is significant that we found no material criticism of the products.

Bryant is reported to offer the most complete line of gas fired heating and water heating equipment in the industry; while we could not specifically check this report our investigation tends to confirm it.

The lines of products are varied and meet many applications but in the strict sense none of the lines contains every type of gas-fired appliance. We do not submit this as a fault or weakness. The Companies have been successful with their present lines and we see no reason for apprehension because they do not offer one or another appliance. Probably the most widely used gas appliance not now in the lines is the cooking range; others are the gas refrigerator and gas incinerator. We make no recommendation regarding the addition of new products; we think it highly important that new products be considered from the standpoint of potential direct profits rather than from intangible collateral advantages, such as completeness of the line, or "leader" aspects of a product which might provide the opportunity for sales of other products to the same customer.

We were well impressed with the results of the engineering research and development activities of the Companies, which have contributed much to the standing of present products; continuance of such product development is the best assurance of leadership in the field.

### CONDITION OF THE INDUSTRY

The gas-fired appliance industry in this country started over 40 years ago and developed at a moderate rate until large supplies of natural gas became available subsequent to 1920. Manufactured gas has been an important factor during all of these years, but the greater volume and lower price of natural gas have given the gas-fired appliance industry on impetus which manufactured gas could not do principally because of the higher cost. The consumption of natural gas for domestic purposes has increased particularly over the last 25 years or more and the present backlog of approved pipe line projects registered with the Federal Power Commission indicates a large additional quantity of gas which will become available to consumers when the shortage of steel for pipe lines is alleviated. Also, during the last three years or more there has been a marked increase in the cost of other fuels such as coal and fuel oil, with a resultant narrowing of the differential in cost of natural gas over coal and fuel oil; in some instances natural gas is cheaper than the other fuels for domestic consumption.

There are many manufacturers engaged in the production and sale of one or more of the Companies' products, but none offers the complete line represented by the three Companies under review. An exact census of the gas appliance industry would be difficult to make because of the large numbers of manufacturers who produce on a local or limited territory basis, often in connection with the manufacture of other non-related products. Among the more important producers in the industry there are about 15 making forced air cast iron gas furnaces, 35 in the forced air steel gas furnace business, 30 manufacturers of gravity gas furnaces, 15 manu facturers of gas boilers, 10 of gas unit heaters, and about 60 producers of gas conversion burners. Gas water heaters are made by more than 39 manufacturers, floor furnaces by about 25, and space heaters by about 40. Surface Combustion Corporation, American Radiator and Standard Sanitary Corporation, the Lennox Furnace Corporation, Inc., Reznor Manufacturing Company, Rheem Manufacturing Company, and Dearborn Stove Company are among the most important competitors of the three Companies. Many manufacturers entered the industry after the recent war, but these include several small organizations not experienced in the business who are reported to be inadequately equipped and financed. We are reliably into med that many of them are having difficulty obtaining steel and other materials.

Domestic heating units of the types made by the three Companies are purcha of either for new buildings, for replacement of old furnaces, or for renovation and modernization of

The housing construction industry was limited during the war to only a small proportion of the prewar volume. The number of new dwelling units in non-farm areas, as reported by the United States Government, is shown below for four periods; the first period from 1923 to 1927, the second from 1936 to 1941, the third period during the war from 1942 to 1945, and the fourth period from 1946 to an estimate of 1943:

1923	871,000
1924	893,000
1925	937,000
1926	849,000
1927	810,000
1936	319,000
1937	336,000
1938	406,000
1939	515,000
1940	603,000
1941	715,000
1942	447,000
1943	350,000
1944	169,000
1945	247,000
1946	796,000
1947	849,000
1948 (estimated)	1,000,000

The above table indicates the relative activity of the new housing market and if 1,000,000 units are completed in 1948 it will constitute a record, even exceeding the previous high mark of 937,000 in 1925. The government restrictions on residential construction during the war years set up a large demand for new houses, still unsatisfied. Various Government Departments, real estate operators, and others connected with the building industry have undertaken to forecast the future of residential construction during the next few years. Their estimates vary from 750,000 units up to more than 1,000,000 units per year. We call attention to the fact that construction of even 750,000 units would still represent a substantial volume which has been reached only a few times in the last quarter century. We are of the opinion that residential construction will continue at high levels for the next five years or more and we would expect the Companies to maintain sales somewhat in proportion to construction activities.

In addition to new construction there is a substantial volume of sales for replacement purposes. This business probably requires more selling effort because old furnaces, if patched and repaired, can be made to operate for long periods even though they may not be at their best efficiency. As new appliances become more readily available dealers will be in a better position to solicit replacement business and we would expect it to be obtained in large volume when the pressure of new construction is relaxed.

The proposed extensions of natural gas mains also constitute an additional sales opportunity for the Companies. From July 1, 1945 to May 15, 1948 the Federal Power Commission had approved applications for new natural gas pipe line construction estimated to cost over \$1,400,000,000. A large proportion of these projects has not been completed because of the serious shortage of steel pipe. As and when pipe becomes available many communities will be served with natural gas for the first time and the supply to others will be augmented. If approximate present price levels are maintained it is reasonable to expect conversion of many installations to natural gas. Further, if the upward trend in prices of coal and fuel oil continues, natural gas should enjoy a clear cost advantage in some localities even at relatively low levels of monthly consumption.

The cumulative effect of a large program of residential construction, the long deferred replacements of old beating systems, and the projected expansion of natural gas distribution offers a favorable sales opportunity for the gas-fired appliance industry for the next several years.

### COMPANIES' POSITIONS IN THE INDUSTRY

Each of the three Companies enjoys a position of leadership in all of the important lines of products they manufacture. They all have excellent reputations in the trade and their products have wide consumer acceptance.

Bryant, Day & Night, and Payne were founded 40, 39, and 34 years ago, respectively, each being a pioneer in its field. All have applied special emphasis to the development and marketing of gas-fired heating equipment and have kept in good position to reap benefits of new markets as opened up by the introduction and distribution of new supplies of natural gas.

Not considering the war years, when production was confined largely to manufacture of war materials, the Companies' trends of combined sales have been consistently upward over the past years. The average for the four years 1937 to 1940 inclusive was about \$4,800,000. Sales in 1947 were \$23,950,000 and the 1948 volume is estimated at \$31,000,000. The great increase in volume has been brought about by increased housing, higher prices, and the introduction of new products.

The average combined sales in the four prewar years compared to the three year postwar average is in the ratio of approximately one to five. This growth is continuing at the present time in spite of limitations on the use of natural gas imposed by public utilities because of limited pipe line capacity.

A substantial proportion of the production of Bryant water heaters is sold to a single nationwide distributor under the latter's brand name; these heaters differ slightly from the regular line. This has provided a means of rapidly obtaining initial production in substantial volume in the new plant, and it appears that the business has been taken on a satisfactory

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basis. The Bryant management is conscious of the desirability of increasing the proportion of its water heater output through regular channels.

The Companies' present strong positions are largely due to their having been important producers before the war. They were able to reenter the market promptly with well engineered products, with the same established distributor, jobber, and dealer channels which they had cultivated before the war.

While there is greatly increased interest shown by dealers and consumers in gas heating appliances, the Companies are aware of the importance of those markets that are not served with gas, and are developing equipment for use with fuel oil in such areas. Other new products for use with gas as well as other fuels such as summer-winter air conditioners, air coolers, wall furnaces, and large volume water heaters are being studied and developed in the engineering departments.

### **BUSINESS AND FINANCIAL POLICIES**

Prior to acquisition by Dresser each of the Companies had grown from small beginnings more or less as personal businesses. Before the war none of the Companies had sales much in excess of \$2,000,000 per year and could thus not be considered large enterprises. Their businesses had been successful. Bryant had encountered financial difficulties in the depression of 1933 when closed banks were forced to liquidate obligations of their customers. At that time Dresser acquired the Common stock of Bryant and has since controlled its financial policies. Obligations to closed banks were eliminated and rehabilitation of the Company was accomplished by the continuing supply of working funds by Dresser under conditions which might not have attracted independent investors or lenders of money. In 1939 Bryant owed Dresser an accumulation of principal and interest amounting to \$749,500 which represented the funds advanced since 1933. This amount was cancelled by Dresser and transferred to Bryant's capital surplus. Meanwhile, seasonal borrowings have in the main been provided by Dresser with the result that Bryant has been able to operate more flexibly than it might have if it had been under the restrictive control of investors or lenders of funds who might not have had the long term interest in the Company as did Dresser. For completeness of the record and not as an indication of Bryant's financial policies it is noted that, in connection with the proposed transfer to new ownership, advances by Dresser for short term working capital use have been refunded through bank loans amounting to \$1,250,000.

Since 1933 Dresser advanced \$749,500 as permanent capital to Bryant, and withdrew as dividends \$757,846 up to May 31, 1949, during which time the net worth of the business increased more than ten fold. In addition to these dividends Bryant has reimbursed Dresser for "Overall Management" in recent years, as follows:

Year ended October 31, 1946	\$132,000
Year ended October 31, 1947	163,000
Caren months ended Viav 31 1949	96.202

Management payments by Day & Night and Payne have been as follows:

	Day & Night	Payne
Year ended October 31, 1946	\$87,000	\$46,000
Year ended October 31, 1947	92,000	71,000
Savan months ended May 31, 1948	66.345	31,700

All such payments were based on the sales volume of each subsidiary.

Bryant has resorted to no other commercial borrowings for its regular business, but during the war years of 1942 through 1945 it incurred special bank debt to finance the large amount of war work which it handled on a subcontracting basis.

As the Companies' products and competitive position were gradually improved, the general financial policy has been one of prudent application of funds where there was the greatest hope of financial return. Expenditures for manufacturing facilities have been carefully controlled and improvements and replacements seem to have been made wisely. In the recent venture into the hot water heater business Bryant avoided the investment of large sums for land and buildings by leasing on a favorable basis a building designed especially for its needs. The conservative policies of Bryant have served the Company well in reestablishing it on a strong financial basis. They could well be used as a guide for the future.

After the recent war Bryant had more business than its plants could handle. In order to retain as much of this business as possible, it embarked on a policy of subcontracting the complete manufacture of certain of its products. Experience had been gained in subcontracting when Bryant was engaged in war work. It has been of great benefit to the Company by enabling it to increase sales and profits without large expansion of plant and equipment. The Company has been fortunate in obtaining suitable subcontractors and has skillfully managed their operation through inspection procedures, furnishing all or part of materials required, and generally assisting them in improving manufacturing technique. Although subcontracting has the advantage of providing manufacturing capacity, additional expenses are involved in inspection, administrative supervision of procurement, and other details, as well as in freight and material bandling. Freight and handling expense will probably increase in the future because it has been found necessary more frequently to ship finished products from subcontractors to Cleveland for reloading with other products in mixed carloads as ordered by distributors. During the recent periods of material shortages the Company could adjust its shipments to meet its own convenience, but we are informed by the management that this freedom of action is diminishing as competition becomes more prevalent in the industry. In addition to the inherent extra expenses involved in subcontracting as mentioned above. there is the profit paid to subcontractors. It is impossible to determine the total amount of these extra costs without a careful examination of the books and records of the subcontractors and a detailed study of the Company's internal records. The management estimates that these extra costs currently amount to several hundred thousand dollars per year. Should it be deemed desirable to reduce the proportion of subcontracting by enlarging the Company's manufacturing facilities, we would recommend that it be carried only to the extent that full and continued use of new facilities is reasonably assured. Peak demands which may be expected to diminish if and when the present volume of new housing construction declines could be met by subcontractors.

The management of Payne and Day & Night has been under the general direction of Dresser for only about three years. Except for the difficulties of obtaining materials this period has been one of generally high business activity in which sales were easily obtainable at prices which would permit operation at a profit. Seasonal working capital demands have been met by advances from Dresser and, as in the case of Bryant, working capital advances have been repaid from the proceeds of commercial bank loans of \$550,000 to Day & Night, amount to \$2,850,000 to Payne. These loans, together with similar loans made by Bryant, amount to \$2,850,000.

In accordance with the general policy of Dresser, the three Companies have followed a plan of incentive compensation for the officers and officials of the Companies who carry the re-

aponsibility of management and development. The plan provides that 10 per cent of the net profits of each Company after all taxes shall be set aside each year for distribution to members of the organization as directed by each Company's Board of Directors.

As a basic policy, the Companies do not extend long term credit to customers. In a few instances where it was to the Company's advantage to have distributors well stocked with its products the Company has arranged for special credit terms, but these are the exception rather than the rule and we are informed that the field forces are not permitted to deviate from the Company's regular terms and all special arrangements must be approved individually by the President and Secretary-Treasurer.

A special instance of the general policies with respect to materials is in evidence at Bryant in the purchase of steel. When the prospects for obtaining steel during the last two or three years continued to get worse, the Bryant management was resourceful in establishing a source of steel ingots which were rolled into sheets to meet the Company's specifications. This required considerable special work in procuring scrap iron for the converting company, but the tonnage acquired through this source has been of help in maintaining a continuous supply of finished steel needed for fabrication. At the present time not all of the ingots are used by the Company, but they are readily disposable if not needed.

### SALES POLICIES AND METHODS

The three Companies have been operated for the last three years as the Gas Appliances Division of Dresser Industries, Inc. Each Company has been operated as a separate subsidiary, but all are under the general direction of Dresser.

The basic sales policy is to offer a reasonably complete line of appliances using gas, for the most part, as a fuel. Although some of the products are designed for use with electricity or fuel oil the Companies as a group should be considered primarily in the gas-fired appliance field. The Companies do not sell identical lines of products and do not cover identical sales territories although in many lines the sales territories and products are complementary.

Export sales have not been important to any of the Companies and there is at present little indication that they will become an important part of the business in the near future.

### Bryant Heater Company

The sales organization is headed by the Vice President in charge of sales, who also acts as Sales Manager, and reports directly to the President. An Assistant Manager of Sales also serves as Manager of the Advertising and Sales Promotion Division. There are three subdivisions of the sales department: Market Research, Sales Engineering, and Liquid Petroleum Gas Sales, each headed by a Manager. These five, together with nine others in subordinate positions, and a small staff to handle clerical and stenographic work constitute the home office sales organization.

The national market is divided into 43 sales districts, of which 35 are served by independent distributors, seven by branch offices of the Company, and in the case of the Pacific

Coast region consisting of California, Oregon, Washington, Nevada, Idaho, and Utah, by the sales organization of Payne Furnace Company.

The Company does not require distributors to represent Bryant exclusive, but it grant distributors exclusive territorial franchises and honors such franchises by refraining f selling direct to others in their territories. Sales are made to distributors at uniform disconfrom published list prices and the distributor offers lesser discounts to his dealers and retain outlets in proportion to their purchases.

Typically, the owner of a distributorship is the active manager of his business and in the majority of cases the word "Bryant" is included in the distributor's firm name such as Bryant-Williams Company in Pittsburgh or Bryant Gas Heating Company of Cincinnati.

The Company carries on a national advertising campaign through the media of popular magazines with wide circulations, as well as through trade papers and by direct mail to over 25,000 dealers. In addition, promotion pieces and dealer materials are included in the moderate expenditures which are budgeted annually. The sales promotion campaigns are in many cases localized in distributors' territories and conducted in cooperation with the distributor who pays a proportionate share of the cost.

The general policy of enlisting the interest and support of distributors in well conceived local sales campaigns, and particularly the distributor's participation by sharing in the costs, is conducive to good relations with distributors, and the sharing of cost by them undoubtedly has the good effect of controlling such expenditures. Also, in our opinion, such a plan providing for local emphasis as needed is susceptible to effective use in programs pointed at territorial or product expansion under circumstances which could not justify fully national campaigns.

In addition to the sales organization for handling the regular lines of heating units, version burners, water heaters, etc., largely for domestic installations, the Company has tother small sales divisions. The Industrial Division sells direct to users. The Range Lighter Division makes direct sales to range manufacturers. Total sales volume of these two small divisions amounted to about two per cent of total sales in 1947.

### Payne Furnace Company

Sales are under the direction of the Vice President-Assistant General Manager, who reports to the President-General Manager. The former has supervision over the Wholesale Sales Manager and the Sales Engineering Manager, as well as Sales Planning Analysis, and Advertising and Sales Promotion activities. He is also in charge of Public Relations and has supervision over the Traffic Department.

Wholesale sales are handled by ten regional sales managers operating out of the main office, each reporting to the Wholesale Sales Manager. The principal sales outlets accounting for about one-half of total sales are jobbers, utility companies, and dealers on the Pacific Coast; the remainder are located mainly in the western and southeastern parts of the country. Bryant products are sold by Payne in six of the far western states.

Payne also operates its own branch offices for retail sales, service, and heating installations in five suburbs of Los Angeles. Sales through these five stores amount to approximately

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The Company publishes a list showing net prices to dealers. Sales to jobbers, preferred dealers, and utilities are made at discounts from this list depending on the class in which the account is rated as to volume of purchases. Sales to the Company's retail stores are made by the Wholesale Division in substantially the same manner as they are made to the jobbing trade.

At the present time all cost of advertising and sales promotion is borne by the Company and is budgeted at approximately three per cent of gross sales.

### Day & Night Manufacturing Company

All sales, product research, and development activities are under the Vice President in charge of Sales and Development. This officer, who reports directly to the President and General Manager, has a manager of Sales Promotion and Advertising, and an assistant Director of Sales both reporting directly to him. The Chief Engineer who is directly responsible for product design, research and development, also reports to the Vice President in charge of Sales and Development.

Two product divisions, four regional sales divisions, and the service manager for the Los Angeles area report to the Assistant Director of Sales. The operating staff consists of seven men with headquarters at the factory and 25 men in the field.

Products of this Company are sold direct to over 750 dealers in the Los Angeles area and to over 100 distributors throughout the United States; New England, the middle Atlantic states, Ohio, West Virginia, and Kentucky are not covered. Sales in the Pacific Coast states account for over half of the total sales volume.

Sales promotion and advertising programs appear to be moderate and adequate.

### General

The sales organizations of the three Companies appear to be well staffed with capable and experienced personnel and these, together with the distributors, branch offices, and dealer organizations, adequately represent the Companies in the territories served. The present sales organizations are evidently aware of the changing natural gas situations, and realize that increasing sales opportunities will come with the new gas transmission lines. The Companies should be prepared not only with home office talent, but also in the field to meet the opportunities arising from the increased volumes of natural gas to be supplied in territories now served, and the introduction of gas into newly opened consuming areas.

The impending changes in the market outlook for gas appliances as they may be realized through wider use of natural gas are factors more or less localized in the gas-fired appliance

industry. The tremendous increase in bousing construction which occurred when materials were released from wartime controls had the practical effect of eliminating the usual competitive forces in the industry. Sales could be made almost at the manufacturer's choice as to delivery dates, product assortments, and price. The great demand for gas appliances for new construction has also had the effect of deferring a large amount of ordinarily normal renewal and replacement installations. Home owners have been forced to defer extensive renewal or repair work in the face of such a persistent demand from builders of new homes who were forced to all sorts of methods to obtain heating equipment for new structures, which could not be occupied without it.

We are informed by the management of the Companies and have learned from other sources in the trade that they detect evidences of a return of competitive conditions to a lesser degree, but of the same nature as prevailed in the industry before the war. If general industrial production continues at high levels and is not upset by war or a serious economic depression, we think the industry will continue to experience a gradual return to previously normal competitive conditions. The demand for gas appliances is still high and it will probably remain high for the next few years, but we think the Companies should be on the alert to adjust their sales activities to changes as rapidly as they are detected. Even if the present high demand for new houses should decline, there is a continuing opportunity in the gas appliance industry for replacement and modernization installations. Sales organizations must be educated and guided in advance of these changes as a safeguard against the lethargy which is often induced when competition is relaxed. We think the Companies' sales executives are aware of the conditions mentioned herein and would expect them to respond promptly to changes. The organization, sales policies, the products, and the distribution channels are all in a position to take advantage of future opportunities; competent sales management should not find it difficult to guide these organizations in the future.

### **PLANTS**

The Companies conduct manufacturing operations in five locations in four cities as follows:

Company	Location	Approximate Floor Space Square Feet
Bryant Heater Company	Cleveland, Ohio St. Clair Avenue	111,000
Bryant Heater Company	Cleveland, Ohio London Road	66,000
Bryant Heater Company	Tyler, Texas	117,000
Day & Night Manufacturing Company	Monrovia, Cal	125,000
Payne Furnace Company	Beverly Hills, Cal	163,000

The Cleveland-London Road and the Tyler land and buildings are leased from others. The other plants are owned and at both Cleveland-St. Clair Avenue and Mourovia there is ample land for expansion.

The Cleveland-St. Clair Avenue Plant of Bryant consists principally of one story steel frame brick buildings with monitor roof construction. The adjoining office and engineering buildings are mostly two stories high. The buildings are all in good condition and have been well maintained. The plant is served by a railroad siding from the New York Central Railroad, and there is ample space for loading and unloading of motor freight trailer units.

The machinery and equipment in this plant are suitable and well arranged. The heavy castings are machined, assembled, and tested with a minimum of transportation. Sheet steel is cut and formed, and finished on a monorail system. The heating elements with control mechanism are assembled and tested on a production line.

In a separate department research and development work is carried out. The instrumentation and other facilities of this unit seem well adapted for the effective expansion and improvements of products.

Elimination of all or part of present subcontracted operations in the interest of better operating convenience and improved profit margins would require enlargement and rearrangement of this plant; additional office space is needed, particularly so if the Bryant location is selected as headquarters for the new owning company; the fixed capital requirements for these improvements and additions would be about \$750,000.

The Cleveland-London Road Plant of Bryant consists of two large manufacturing buildings and one office building with an ample fenced trucking yard. It is served by a siding from the Nickel Plate Railroad. The buildings are old, but are adequate for the light manufacturing operations and storage purposes for which they are used. This plant contains little heavy machinery and the present arrangement of conveyors, assembly tools, and handling equipment is suitable for the units now being assembled in this plant.

The Tyler Plant consists of a new building erected especially for Bryant by the Tyler Foundation. The building was completed and operations begun in September 1946. The equipment is adequate and the arrangement of the plant is efficient and well conceived for quantity production of water heaters.

The Day & Night Manufacturing Company's plant at Monrovia was erected in 1925 and additions were made from time to time. The more important buildings are of concrete and steel construction. Less important buildings, such as worehouses and maintenance sheds are of corrugated sheet metal on wood framing. At the time of our examination a two-story reinforced concrete building was under construction. It will provide 22,400 square feet of floor space to be used partly for warehousing finished stock and partly for office and display purposes. In addition to its own buildings, the Company rents a nearby one-story brick building and some smaller auxiliary buildings aggregating 7,700 square feet for its Engineering Department and research laboratories.

The Monrovia Plant is equipped with modern stamping and forming presses and an extensive line of welding equipment especially adapted to the welding of seams and heads in water heater tank shells. Galvanizing facilities are also operated at this plant.

The Payne Furnace Company's plant in Beverly Hills consists mainly of one story brick buildings. It is served by a siding from the Pacific Electric Railway Company. The office

building is of two-story construction and contains showroom facilities in addition to the general offices of the Company. The manufacturing buildings are in good physical condition and the machinery and equipment are principally of standard types generally used in sheet metal fabricating.

### ORGANIZATION AND PERSONNEL

Although the companies have been operated as separate entities, each with its own organization, the management of all has been coordinated by Mr. Lyle C. Harvey, who held the positions of Vice President of Dresser and President of Bryant; as of July 21, 1948, he resigned from the former position.

The Bryant organization has been under the same general guidance at least since 1933 when Dresser Industries took control of the Company. Day & Night and Payne were purchased by Dresser in early 1945 and have thus been under joint coordination slightly over three years. The former management of these two Companies are still active in the management.

The Bryant organization is simple in type with the officers responsible for the major functions of sales, production, and finance reporting directly to the President, who is also General Manager. This staff has been adequate for past operations, but with the impending change in ownership, and the increasing responsibilities to be centered in Mr. Harvey, there will probably be a need for rearrangement of the responsibilities of the executive staff of Bryant. We discussed this problem with Mr. Harvey who is fully cognizant of it. We do not think it is urgent but it should be reckoned with in the near future.

The Day & Night and Payne organizations are largely the same groups which operated the two Companies before they were purchased by Dresser in 1945. They have been coordinated by Dresser supervision and inter-company relations are cooperative and constructive. In hot Companies the organizations are small and simple in type. We were well impressed with the caliber and apparent competence of the officers and officials.

Inasmuch as all three Companies have been operated by separate autonomous organizations, the change in ownership should not affect the local organizations or present serious management problems.

The labor forces are drawn from local areas around the four cities in which the Companies operate factories. Relatively few of the operations require a high degree of skill and the Companies have had little difficulty in obtaining an adequate working force in peacetime. Relations with labor are reported to have been on a satisfactory basis.

### **EARNINGS**

During the period from 1936 to May 31, 1948 the three Companies reported profits in each year except 1938 when two of the Companies reported a loss. Sales and profits during the war years were abnormally high when the Companies were for the most part engaged in war work, but the postwar operating reports show substantially higher sales and dollar profits than

10

any of the Companies enjoyed before the war. The following table shows sales and net profits for each of the Companies during the period:

	Thous	Net Sales ands of Do Day &	ilara		Net Profits sands of D Day &		Percentages Net -Profit to Net Sales - Day &				
	Bryant	Night	Payne	Bryent	Night	Payne	Bryant	Night	Payne		
1936	1,465	762	1,255	105	57	84	7.2	7.5	6.7		
1937	1,898	1,109	1,602	29	76	79	1.5	6.9	4.9		
1938	1,435	1,054	1,530	(107)	24	2	(7.5)	2.3	.1		
1939	1,854	1,244	1,693	145	52	52	7.8	4.2	3.1		
1940	2,085	1.368	2,101	143	56	113	6.9	4.1	5.4		
1941	2,405*	2,052	2,458	138	52	126	5.7	2.5	5.1		
1942	9,814	1.973	1,672	371	73	60	3.8	3.9	3.6		
1943	31,319	2,987	3,106	743	50	72	2.4	1.7	2.3		
1944	24,852	6,085	2,868*	585	121	64	2.1	2.0	2.2		
1945	23,896	7,700*	2,013**	870	139	31	3.6	1.8	1.5		
1946	9,155	5,254	3,161	466	140	159	5.1	2.7	5.0		
1947	11,986	6,784	5,178	927	634	510	7.7	9.3	9.8		
1918 mouths)***	8,876	5,981	2,966	429	582	73	4.8	9.7	2.5		

Note: Above data are shown for approximately comparable fiscal periods

As in many businesses, because of the short period since the war, the many irregularities of material supply, and readjustment from wartime activities on the one hand, and the pent up demand for the Company's products on the other, the earnings record since the war may not be a reliable basis for estimating the future profit potential of each of the Companies. Earnings during the war years should be disregarded as an indication of the potentialities of the Companies' regular business because operations were almost entirely on war materials in no wise related or similar to the Companies' regular products. The longer term record of earnings indicates that the businesses are established on sound bases. Both before and since the war the percentage of net profits to sales of all of the Companies have been moderate. They have not been so high as to invite marginal competition and, except for an occasional year, they have not been unduly low.

Annexed hereto are exhibits B-1, B-2, B-3, statements of Income and Profit and Loss of Bryant, Day & Night, and Payne, respectively, for various periods from 1936 or 1938 through May 31, 1948. These exhibits show the substantial increase in sales volume occasioned by war work principally from 1943 through 1945 and the return to normal business after that year at sales levels substantially higher than before the war. As mentioned elsewhere in this report, the increase in sales is due to higher prices, new products, and greater volume in response to the exceptionally large housing construction program, which has been under way in this country during the last three years. The demand for all of the Companies' products continues

at high level. Combined sales for the fiscal year 1947 were \$23,949,000, and the management estimates sales for the current fiscal year ending October 31, 1948 at \$31,300,000 and net profits after Federal taxes at about \$2,500,000, compared with \$1,890,000 in 1947. Such estimated earnings represent about eight per cent of estimated sales, which is about the same as was earned in the previous fiscal year. The fiscal year 1947 was the first year of operation of Bryant's water heater plant at Tyler, and thus did not reflect the potential production throughout the year; operations of Tyler for the first seven months of the current fiscal year are reported to be 58 per cent greater than in the same period of 1947. In our opinion, the Company's estimate of sales and earnings for the year ended October 31, 1948 is reasonable.

As stated elsewhere herein, the business of the Companies is derived both from new residential construction and replacement of existing installations. Prospects for continuance of a high level of business in these fields for several years are good. Even though more intensive competition may be expected as materials become more plentiful, we believe the Companies can look forward to a continuance of good business for several years, unless general business conditions should be adversely affected by a serious depression or international political disturbance.

### **WORKING CAPITAL REQUIREMENTS**

Except for large increases in sales volume since the recent war the Companies' regular financial operations do not involve complicated problems of working capital. Sales are made on short term credit, no deferred payments or extended terms are ordinarily accepted. The seasonal working capital requirements for accumulation of inventory in the early months of each year can ordinarily be met with short term commercial bank loans.

The average working capital of the combined Companies at the beginning and end of the fiscal year ended October 31, 1947 was \$4,508,000; working capital as of June 30, 1948 as show, on Exhibit "A" was approximately \$6,000,000. Sales for the year ended October 31, 1947 amounted to about \$24,000,000 with an indicated turnover of working capital on the basis of sales of about five times. The management is of the opinion that this rate of turnover is too rapid and that a rate of four times would be more reasonable. On the basis of estimated sales of \$31,000,000 in the current fiscal year the required working capital would thus be about \$7,750,000 or about \$1,750,000 more than was on band on June 30, 1948. On the basis that bank loans of \$2,850,000 are scheduled for repayment during the remainder of 1948 and that sales are expected to increase during the next few years, it appears that additional working capital will be needed to make up the current estimated deficiency plus an additional amount to finance the greater sales volume. After 1948 it is to be expected that a portion of net earnings will be retained in the business for working capital purposes and if dividends are limited to not more than one-half of net profits we think the provision of additional working capital in the amount of \$2,250,000 will meet the Company's needs.

In order to effectuate certain consolidation of operations now performed by subcontractors for Bryant it will probably become necessary within the next one or two years to expand manufacturing and warehouse facilities at the Bryant-St. Clair Avenue Plant. Additional office space is needed now, and the need will become more acute if the Bryant location is selected as the headquarters of the new company. We discussed these additions and improvements with

[&]quot; Ten months of fiscal year.

^{**} Nine months of Ascal year.

^{***} Due to account fluctuations of the businesses, sales in the latter months of the fiscal year are higher than

the management and believe that their estimate of \$750,000 would provide enough additional facilities to accomplish the desired change in subcontracting and provide the needed office space.

The above estimates of required capital are based on the continuance of the present businesses with essentially the same lines of products. They do not provide for the addition of major lines of new products not now manufactured by the Company or for any major expansion of the businesses into new industries or new methods of distribution which might require substantial additions to working capital.

Yours very truly,

SANDERSON & PORTER

### EXHIBIT A

### BRYANT HEATER COMPANY DAY & NIGHT MANUFACTURING COMPANY PAYNE FURNACE COMPANY

Combined Balance Sheet as of June 30, 1948
Data Furnished by Dresser Industries, Inc.

ASSETS	Bryant Heater Company	Day & Night Manufacturing Company	Payne Furnace Company	Combine
CURRENT ASSETS:	Company	•		Compine
Cash	\$ 681,329	\$ 327,001	\$ 121,849	\$ 1,130,13
Accounts Receivable—Trade	\$1,325,566 25,6 <b>0</b> 7	\$ 817,938 26,998	\$ 687,077 41,251	\$ 2,830.55 93.8
	\$1,299,959	\$ 790,940	\$ 645,826	\$ 2,736.7
Accounts Receivable—Parent and Affiliated Companies	584,522	200,091	8,553	793,1/
Finished Products and Parts	\$1.168.991 2.359.336	\$ \$46.274 267.410	\$1,273,409 259,246	\$ 2,985 6 2,885 9
Raw Materials and Supplies	866.863	1.056.771	418.387	2.342.0
	\$4,395,190	\$1,870,455	\$1,951,042	\$ 82160
TOTAL CURRENT ASSETS	\$6,961,000	\$3,184,487	\$2,727,270	\$12,876.7
FIXED ASSETS:	• • •	• • •	, ,	
Property, Plant, and Equipment	\$2,222,246	\$1,001,756	\$ 912,341	\$ 4,136,31
Less Reserves for Depreciation and Amortization	808,403	295,561	366,265	1,470.2
TOTAL FIXED ASSETS	\$1,413,843	\$ 706,195	\$ 546,076	\$ 2,666,11
DEFENNED CHANGES:				
Prepaid Insurance, Deferred Taxes, etc	\$ 50,710	\$ 86,074	\$ 47,236	\$ 1840
Deferred Advertising Deferred Tooling Expense	31,85 <b>8</b> 38,835	42,877 14,515	46,373 84,134	121.1
Total December Changes	\$ 121,453	\$ 143,466	\$ 177.713	137,51
Toral Assers	\$8.496,296	\$1,039,148	\$3,151,087	\$15.985.5
	40.170.240	44,0.00,000	±::::::::::::::::::::::::::::::::::::	\$13,761,3
LIABILITIES, CAPITAL SHARES, AND SURPLUS CHARRENT LIABILITIES:		•		
Notes Payable to Banks—Unsecured	\$1,250,000	\$ 550,000	\$1,050 000	# 1.15g (#
Accounts Payable	953.148	300,694	231.856	
Accounts Payable—Parent and Affiliated Companies	65,951	44,320	121,194	
Pay Rolls and Other Compensation	\$ 107,068	\$ 218.656	\$ 101,661	
Interest	33,353 47,651	82,583	51.379	167 31 47 e
Other	37,924	23.536	8.320	69 7
	\$ 227,996	\$ 324,775	\$ 161,360	\$ 714.1
Federal Taxes on Income—Estimated	773,275	553,236	202 074	15'8'
TOTAL CURRENT LIAGUITHES	\$3,270,370	\$1,773,025	\$1,766,781	\$ 6,810.1
CAPITAL SHARES AND SURPLUS: Capital Shares:				
Original Preferred Stock, Par Value \$10.00 a Share:				
Authorized and Outstanding 15,000 Shares		\$ 150,000		\$ 1500
Authorized and Outstanding 17,500 Shares	****	175,000		1751
Authorized 32,500 Shares; Outstanding 16,375 Shares Common Stock, Without Par Value:	*** *	163,250		1617
Authorized and Outstanding 500 Shares	\$ 500			•
Authorized and Outstanding 5,010 Shares Common Stock, Par Value \$1,00 a Share:		50,000		cese.
Authorized and Outstanding 25,000 Shares			\$ 25 000	25.4
	\$ 500	\$ 538,250	\$ 25,000	\$ 161
Surplus:		• • •	-	•
Capital Surplus	\$1,188 754		\$ 896 148	\$ 29751
Earned Surplus	1.036.472	\$1,726 373	77.5 (14)	6 167
	\$5,225,426 \$5,225,926	\$1,726,373	\$1,659,69 \$1,681,304	\$ 8611
TOTAL CAPITAL SHAPES AND SURPLUS	33.223.72h	\$2.265.123	\$1,050 PH	3 7 11
SURPLUS SHARES, AND	\$8,496,296	\$4.038,148	\$3,35[inka	\$15 %

### EXHIBIT A-1

### BRYANT HEATER COMPANY

Comparative Balance Sheets as of December 31, 1936 to 1940, as of October 31, 1941 to 1947, and as of June 30, 1948 Data Furnished by the Company

ASSETS				f December 31	l,— <u>—</u>		, 1946	1941	1942	1943	As of October :		1946	1947	June
Current Assets:	19		1937	1938	1939						1944	1945			1946
Cash	\$	5,712 \$	3,529	\$ 21,743	\$ 224,4		v <b>3</b> 01,134	\$ 186,894	\$ 3,390,513	\$5,003,450	\$3,383,558	\$2,752,234	\$ 401,048	\$ 139,214	\$ 681,329
Tax Notes							************	23.698	37.189	401,835			*******		
Notes Receivable and Accrued Interest		760	4.514	4,126	1,162	•	413,321	730,123	1,733,278	26,948		2000	700 275	1 602 166	1 225 100
Accounts Receivable—Trade	30	65,518	239,681	*********	272,199					886,401	1,507,300	269,963	789,275	1,603,166	
Less: Reserve		(6,437)	(4,387)		(17,191)		(37,710)	(61,730)				(125,289)			
Net Accounts and Notes Receivable	- 3	59,081	235,294	200,168	255,369	•	375,611	692,092	1,726,221	840,551		144,674	753,227	1,578,115	1,299,959
Clains Receivable							********		***************************************	356,573		3,217,532			
Accounts Receivable—Inter-Company				222	1,682		************	297	1,018	1,304	364	11,844	806,895	149,076	584,522
Inventories: Finished Products		43.998	70,200	56,842	•••••				57,094	17,499		54,334	117,502	350,833	
Work in Process		82,466	66,933	122,011	165,248		134,587	218,667	4,082,333	1,579.636		186,954	1,525,399		2,359,336
Raw Materials		84.911	219,460	46,419	55,948		160,328	344,427	446,780	245,723		310,574	487,797	3,144.282	866,863
		211.315	356.593	225.272	221,196		294,915	563,095	4,586,206	1,842,858	3,274,147	551,862	2,130,698	3,495,115	4,395,190
Total Inventories	•	3,134	3.643	2,915			*******	**********	*********	********	********	26,360	********	**********	****
Working Funds, Advances and Refunds		80.003	603.573	454,445	702.673		971,659	1,142,378	9,703,958	8,446,570	8,628,564	6,701,146	4,091,868	5 361 550	6,961,000
Total Current Assets		97,812	322.093		168,538	•	177,169	121,477	67.108	10,000		0,001,110	1,001,000	2,001,000	0, 01,
Deferred Notes Receivable			590		4,158		2,926	3,451	14,577	13,662		14,125	11,439	10,749	****
Other Assets		2,285	370	7,71	.,		- <b>-</b>	-•			10,137	,	11,107	10,1	*** * * * * * * * * * * * * * * * * * *
Property, Plant and Equipment:					•	•									
Regular Facilities:		150	100.350	100.350	100.350		100.350	100.350	100,350	100.350	100,350	100,350	100.350	100.350	100.350
Land and Land Improvements		100.350	298,215		298.215		299,016	320,758	323,350	324.677		362,565	390,699	393.844	
Ruildings		298.215		77.77	311.063		339,196	381,245	397,589	415.302		\$80.669	1.153.189	1.483.007	
Machinery and Equipment		228.689	294,505		709.628		738.562	802,353	720,939	739.979				1.977.201	
Total Regular Facilities		627.254	693,070			•	311.845	331.387	362,282	39,979 392,282		1,043,584	1,644,238		
Less Reserve for Depreciation		207.649	231,220		284,434							462,072	529,620	664,100	
Net Regular Facilities		419.605	416,850	442,607	425,194		426,717	470,966	358,650	347.697		581.512	1,114,618		1,113,843
Emergency Facilities			**********				*********		64,155	88,139		37,140	37,140	35,404	
Less Reserve for Depreciation.			***********						5,530	20,395		37,140	37,140	35,401	200
Less Reserve for Depreciation	_						********	**********	58,625	67,744	40,399	************	*********		
Net Emergency Facilities		419.605	461,850		425,194		426,717	470,966	517,625	515,790	479,689	581,512	1,114,618	1,313,101	
Net Property		+17,002	1,0,0	112,007			***************************************			***************************************					
Intangible Assets—Net		21.001	17,156	19.975			6,066	5,251	116.439	28,987	35,381	20,663	15,468	82,668	121,453
Deferred Charges				\$1,171,474		٠	\$1 581 537	52 043 522	\$10.419.708	\$9 015 010	\$9,156,791	\$7 120 746		\$4.768 DES	58 196 296
TOTAL ASSETS	51.	120.737	\$1,400.853	31,1/1,4/4	\$1,505.257		<b>41,377,337</b>						42.52.10.42	# 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	deal a series
													•		
LIABILITIES															
Current Liabilities:	_			•	e	•	\$	\$	\$ 6,000,000	\$5,000,000	\$1,000,000	\$2,098,190	\$	\$	\$1,250,000
Notes Proble	\$	45 44 6	\$				150,814	207,829			1.667,007	368,760	599,469	882,827	953,148
Accounts Pavable-Trace		45,415	116,38			•		,		235,981	426,707	561.256			
Claime Pavable			201 (0)				2,161	158,206	98,524	201,833	230,633	123.871	136.513	80,407	65,951
Name of Payable - Inter-Company		562.793	783.67				65.306	96.610	181.531	198,758	187,928	155.369	215,679	203,220	
\d I intelligiet		11,622	17,120		10/1.		66,000	133.756	723,700		109,951	608.309	410.836	801,210	
Liability for Income Taxes		17.517	3,19				281,281	596,401	8,567,964	6,959,853	6,622,226	3,915,755	1.362.527	1,970,694	
Total Current Liabilities.		637,347	920.69	¥ 789,968			100,000	100,000		0,757,750			•		17,2717, 1717
Reserve for Contingencies					100,000		100,000	100,000			• •		***********		
Reserve for Contingencies															
Capital Stock: Preferred		107,050	107.05				500	500		500		500	500	SOO	SINI
Common		500	50	0 500	) 500		300	550	5.70	3.7.	J.A.	3.,.,	3,47	3.77	
							100.017	268,704	439,454	439,154	439,454	439,451	439,4547	439,151	
Capital Surplus		368,607	351,10	1 333,701			300.937					749,500	749,500		
At Acquisition	•	4 114 11 22*			749,500		749,500	749.500	662,290			2,215,537	2.681,412		1036 12 !
Since Acquisition		7.232	27.50			<u>)</u>	. 149,319	308.417							
Earned Surplus	. 61	120 717	\$1,406.85	5 \$1,171,47	\$1,305.254	_	\$1,584,537	\$2,043.522	\$10,119,708	~\$9,015.010	\$9,156,791	\$7,320,740	\$5,233,393	\$0,768,060	2.00
TOTAL LIABILITIES	. 31		<b>41,700.0</b> 0.			=									

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### DAY & NIGHT MANUFACTURING COMPANY

Comparative Consolidated Balance Sheets as of December 31, 1936 to 1944, as of October 31, 1945 to 1947, and as of June 30, 1948

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Data furnished by the Company and rearranged. for comparability by Sanderson & Porter.

						ent Salara								••	Anot	
	1936	1937	1938	1939		Di aber 31 1940		1941	1942	1943	1944	1945	of October 1946	1947	→ June 30 1948	٠,
ASSETS					•											
c .	\$ 5.661	\$ 3,128	\$ 13,982	\$ 26,627		\$ 35,751	5	24,232	\$ 10,918	\$ 56,780	\$ 81,794	\$ 32.011	\$ 44,847	\$ 328,352	\$ 327,001	
Accounts Receivable (net)	143,479	176,847	169,186	177,003		177,337	'	208,795	289,769	509,950	532,234	945,070	479,471	739,765	790,940	
Accounts Receivable—Inter-Company					•		:			***************************************	************	84	589	6,576	200,021	
Inventories	181,464	216.582	215,029	279,175		408,298		420,817	611,976	650,036	736,764	648,287	858,399	1,070,741	1,870,455	
Total Current Assets	\$330.603	\$401,556	\$398,197	\$482,805		\$ 621,386	\$	653,843	\$ 912,663	\$1,216,767	\$1,350,792	\$1,625,452	\$1,383,306	\$2,145,434	\$3,188,487	
Other Investments	\$ 20,328	\$ 22,711	\$ 30,300	\$ 37,789		\$ 39,486	5 \$	36,979	\$ 36,491	\$ 38,388	\$ 3,549	\$ 16,122	\$ 41,879	\$ 11,668		
Fixed Assets:																
Land and Buildings	\$132.269	\$133,129	\$133,879	\$185,200		\$ 199,816				\$ 207,327	\$ 248,458			\$ 283,982		
Machinery and Equipment	118,533	116,456	127,124	143,053		174,247	<b>'</b>	204,675	234,084	281,401	302,100	341,698	439,593	501,129	717,062	
Azusa Plant			*****	4130 OF 1	•	- 374 OK 1		105 131	21,838	32,037	1 270 770		-05.012	# 300 111	#1 ON 754	
Total	\$250,802	\$249,584	\$261,003 100,923	\$328,253 - 104,904		\$ 374,063 126,363		405,431 136,853	\$ 468,294 162,175	\$ 520,765 195,143	\$ 550,558 187,813	\$ 633,723 171,725	\$ 705,932 211.822	\$ 788,111 261,033	\$1,001,756 295,561	
Reserve for Depreciation	83,282	88,363				\$ 247,700										
Total Fixed Assets (net)	\$162,520	\$161,221	\$160,079	\$223,349		\$ 247,700	, ,	200,3/3	\$ 306,119	\$ 323,022	\$ 362,745	\$ 461,998	\$ 494,110	\$ 527,078	\$ 700,195	
Intangible Assets	\$ 67,344	\$ 59,930	\$ 41,923	\$ 34,994 '	•	\$ 32.716			\$ 2,172	\$ 3,915	\$ 690	********				
Deferred Charges	8.876	16.300	16,898	14,360		15.115		21.811	45,691	24,644	25,456	45,490	37,237	33,188	143,466	
Total Assets	\$589,741	\$661.719	\$617,396	\$793,297		\$ 956,402	2 \$	983,323	\$1,303,137	\$1,609,335	\$1.743,232	\$2,149,062	\$1,956,532	\$2,717,368	\$4,038,148	
Notes Pavable	\$ 75,811	\$150,234 55,808	\$ 78,856 100,573	\$132,697 105,327		\$ 149,202	2 \$	69,348	\$ 425,505	\$ 571,490	\$ 150,000	\$ 350,000	\$ 300,000	\$	\$ 550,000	
Notes Pavable						\$ 149,202	2 \$	69,348	\$ 425,505	\$ 571,490	\$ 150,000	\$ 350,000	\$ 300,000	\$	\$ 550,000	
Accounts Payable	101,784		100,5.0			188,337	,	116,857	99,418	165,015	235,452	313,948	187,239	323,889	300 6	
Intercompany Payables	5.958	9.040	18.359	18,789		23,233	i	26,440	1,134	75,618	79,406	3,907 125,623	108, 122 127,495	34,445 219,466	11,3 218.6	
Other Accrued Liabilities	10.585	15.864	14.581	13,586		16.087		46,796	43,136	89,235	167,955	39,647	78,533	71,321	106,119	-
Installments on Trust Deeds	7,149	6,149	7,149	10,149		8.766		6,000	8.426	7.200	7.200			**,021	*********	
Claims Payable—Subcontractors			7 101	10.852					26,223	2,015		29,877	**********	*********		
Reserve for Federal Income Taxes	13.247	17.014	7,183			18,481	l .	103.191	28,826	9,229	279,320	377,481	105,847	385,085	553,236	
Total Current Liabilities	\$214,534	\$254,109	\$226,704	\$291,401		\$ 404,100	5 \$	368,630	\$ 632,667	\$ 919,801	\$ 919,333	\$1,240,483	\$ 907,536	\$1,034,206	\$1,773,025	
Trust Deeds Payable	\$ 17.500	\$ 15.500	\$ 11,500	\$ 49,500	•	43,500	)	37,500	31,500	25,500	22,500				*******	
Deferred Liabilities	57,103	29,935	24,978	28,332		22,582		28,917	36,640	8,654	15,921		********			
Reserve for Contingencies				***************************************		•		•••••	25,000	35,000	35,000		*******			
Capital Stock:																
Original Preferred (7%) Stock	\$150.000	\$150,000	\$150,000	\$150,000		\$_150,000	) S	150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	
7% Preferred Stock	58,377	113,467	118,627	159,5	•	75.000		175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	
6% Preferred Stock	FO 000	50.000	50.000	50.000		11,830		50,930	81,462	114.800	163.750	163,750	163,750	163,750	163,750	
Cemmon Stock	50,000 31,587	38.069	54,949	57,064		50,000		50,000	50,000	50.000	50.000	50,000	50,000	50.000	50,000	
Surplus—Earned	10.640	10.640		7,430		91,954		114,916 7,430	115,178 7,430	130,579	208,728	369,829	510,246	1,144,412	1,726,373	
Surplus—Land appreciation	\$300,603	\$362,176		\$424,064	•	7,430				£ 630 150	e 7171-0	e 000 570	- ei 01004	ē1 602 142	E2 265 133	
Total Capital and Surplus	3300.003	4502,170	400.1210	<u> </u>	•	\$ 486,21-	• •	548,276	\$ 579,070	<b>a</b> 021,379	<b>3 /1/,1/8</b>	\$ 908,579	\$1,U10,U0	\$1,053,1D2	\$2,265,123	
TOTAL LIABILITIES, CAPITAL STOCK AND SURPLUS	\$589,741	\$661.719	\$647,396	\$793.297	_	e 056 402	, ,	983.323	\$1,303,137	\$1,609,335	\$1,743,232	\$2,149,062	\$1,956,532	\$2,717,368	\$4,038,148	

⁽¹⁾ Day & Night Flare Corporation, a wholly owned subsidiary organized for war accounts are consolidated in the above balance sheets during the period of its existence.

EXHIBIT

# PAYNE FURNACE

# **COMPANY**

# PAYNE FURNACE &

SUPPLY COMPANY, INC.

(Predecessor Company)

Comparative Balance Sheets as of March 31, 1938 to 1944, as of Ju lary Data for 1938 through January 31, 1945 from Reports of Audits by Ira N. Records. Rearranged for Comparability

31, ...45, as of October 31, 1945 to 1947, and as of June 30, 1948 Friebee Ca; for October 31, 1945 through June 30, 1948 from Company by Sanderson & Porter

•			-Payne Furns	ice & Supply		Company, Inc	_						
				As of	•	• • • • • • • • • • • • • • • • • • • •			As of		Payne Furn	асе Сопрапу-	Asol
·	1938	1939	1940	1941		March 31,	1943	1944	January 31,		-As of October 3		June 30,
ASSETS							*****	1244	1945	1945	1946	1947	1948
Cash and U. S. Govt. Bonds	\$ 31,036 103,990	\$ 26,788 170,496	\$ 18,852 149,918	\$ 31,882 191,683		\$ 186,874 225,910	\$ 215,656 273,659	\$ 238,738 350,196	\$ 249,893 367,164	\$ 59,885 456,901	\$ 126,915 379,336	\$ 84,955 867,210	\$ 121,849 615,826
Finished Products	N A	N A	N A	N A		N A	. N A	N A	N A	41 172	112 276	225.051	1 271 100
Work in Process	N A	N A	ΝА	ЙV		NA	N A	N A	NA	44,132 49,455	112,376 141,071	725,854 166,841	1,273,409 259,246
Raw Materials	N A	N A	N A	N A	•	N A	N A	N A	NA	216,757	521.086	170,439	418,387
Total Inventories	\$ 442,735	\$ 397,226	\$ 450,643	\$ 454,509		\$ 423,298	\$ 357,943	\$ 627,956	\$ 337,780	\$ 340,344	\$ 774,533	\$1.063.131	\$1,951,042
Total Current Assets	\$ 577,761	\$ 594,509	\$ 619,414	\$ 681,075		\$ 836,083	\$ 817,258	\$1,216,889	\$ 954,837	\$ 857,130	\$1,280,781	\$2.015.329	\$2,727,270
Other Investments and Assets	\$ 19,685 25,267	\$ 19,148 21,105	\$ 18.977 18,859	\$ 22,830 1,503		\$ 23,530 845	\$ 38,225 684	\$ 85,329 444	\$ 80,905 411	\$ 46,206	\$ 4,391	\$ 8,948	\$
Land and Land Improvements	\$ 65.237	\$ 65,071	\$ 64,789	\$ 64,579		\$ 63,778	\$ 63,778	\$ 110,399	\$ 110,399	\$ 110,399	\$ 96,689	\$ 96,689	\$ 96.689
Buildings	185.073	187,812	187.812 233.203	230,183 249,672		238,314	238,314	238,314	239,281	211,213	388.001	411.178	111,177
Machinery and Equipment	203.140 \$ 453.450	218.535 S 471.418		\$ 544,434	٠.	215,671	261,821	274,489	296,120	319.529	344,259	372,516	401,175
TotalLess—Reserve for Depreciation	110,420	131.078	\$ 485,804 158,838	161,303		\$ 547,763	\$ 563,913	\$ 623,202	\$ 645,803	\$ 671,171	\$ 829,009	\$ 850,413	<b>**</b> 912,311
Total Fixed Assets (Net)	\$ 343,030		\$ 326.916	\$ 383,131		173.066	209,102	241,456	270,679	312,544	311.539	341,323	366,265
Deferred Charges	26,861	31,108	18,171	17,190		\$ 374,696 12,016	\$ 354,811 20,921	\$ 381,746	\$ 375,124	\$ 358,627		\$ 539,000	\$ 516.00
Total Assets	\$ 992,605	\$1.003,512	\$1,002,337	\$1,105,730		\$1.247.170	\$1,261,901	31,977 \$1,716,385	26,156	22,882	\$3,120 \$1,855,765	45,111	177,7
LIABILITIES, CAPITAL STOCK AND SURPLUS										\$1,207,017 =12,27=12,2,3	\$1,000,700	\$2,608,478	\$3,451,089
Notes Payable Accounts Payable Accounts Payable—Intercompany	\$ 44,500 40,356	\$ 90,000 55,564	\$ 50,000 53,956	\$ 87,203	• *	\$ 62,387	\$ 100,000 100,780	\$ 176,034	\$ 202,238	\$ 115,020	\$	\$ 139,253	\$1,050,000 231,856
Accrued Liabilities	27,684	35,463	35,505	47,396		54,396	46.623	79.536	61.538	106.400	303,128 185,718	265,724 289,221	121,491 161, <b>3</b> 60
Provision for Federal Income Taxes	11.476	1.738	11.632	55.941		151.007	38.647	380.321	115.883	121,579	88.527	303,145	202.074
Total Current Liabilities	\$ 127.018	\$ 183,765	\$ 151,093 \$ 6,123	\$ 190,541 \$ 6,074		\$ 267,791	\$ 286,051	\$ 635.892	\$ 412.630	3 313,001	\$ 754,577	\$ 997,313	\$1,766.781
Deferred Income—Advance, Service Sales	\$ 4,062	\$ 5,494		\$ 6,074		\$ 6,743	\$ 7,156	\$ 25,202	\$ 32,551	\$	\$	\$	\$
Capital Stock:	***********			•••••••••		* *************************************	********	75,000			*****		•
Cum. Conv. P'Id \$.60 Series "A", no par, stated value \$8.00 sh	\$ 328,672	\$ 328,672	\$ 328,672	\$ 328 <b>)</b> :		Q 328,672	328,672	328,672	328,672		* **	• • •	
value \$6.40 sh	124,896	129.670	129,670	129.670		129,670	129,670	129.670	129.670				
Common Stock, \$1.00 par (Old)	121,658	121,658	121,658	121,658		121,658	121,658	121,658	121.658	25,000	25 000	25,000	25 000
Total Capital Stock	\$ 575.225	\$ 580,000	\$ 580,000	\$ 580,000		\$ 580,000	\$ 580,000	\$ 380,000	\$ 380 (MI)	\$ 25,000	S 25.000	\$ 25,000	\$ 25100
Paid in Surplus	\$ 264.135	\$ 226.037	\$ 207,634 57,487	\$ 152,423		\$ 152.423	\$ 152,123	\$ 152.423	\$ 152,123	\$ 886.117	\$ 586,147	\$ 886,147	\$ 20510
Earned Surplus	22.164 \$ 861.524	8 216		176.692		240.212	236.271	217.868	259,777	30 624	190.011	699.988	773360
Total Capital Stock and Surplus	\$ 801.324	\$ 814,253	\$ 815,121	\$ 909,115	,	\$ 972,635	\$ 968,694	S 980,291	\$ 902,300 °	š 911.781	\$1,101,188	\$1,611,135	411 142
Total Liabilities, Capital Steek and Surplus	\$ 992.605	\$1,003.512	\$1,002,337	\$1.105.730		\$1,217,170	\$1,261,901	\$1,716,385	\$1,137,133	\$1,281,185	\$1,855,765	\$2,008,178	\$347,000

# BRYANT HEATER COMPANY

Comparative Statement of Income and Profit and Loss

for the Period January 1, 1936 through June 30, 1948

						JA Months , aded							8 Months Ended
	1936	1937 Yest	r Ended Decemb 1938	er 31,——— 1939	1940		1942	1943	Year Ended (	October 31, 1945	1946	1947	June 30, 1948
Sales of Regular Products	\$1,464,614	\$1,898,317	\$1,434,908	\$1,854,634	\$2,031,641 53,790	\$2,390,821 14,970	\$ 1,773,283 8,040,266	\$ 527,741 30,791,115	\$ 881,080 23,971,168	\$ 1,545,294 22,350,991	\$5,931,761 3,223,490(1	\$11,986,641 b)	\$8,876,479
Total Net Sales	\$1,464,614 902,319	\$1,898,317 1,379,615	\$1,434,908 1,023,986	\$1,854,634 1,278,335	\$2.085,431 1,476,972	\$2,405,791 1,791,422	\$ 9,813,549 8,371,746	\$31,318,856 27,707,719	\$24,852,248 21,718,618	\$23,896,285 18,567,313	\$9,155,251 7,637,678	\$11,986,641 9,036,838	\$8,876,479 6,852,332
Gross Profit Selling, General and Administrative Expense		\$ 518,702 446,224	\$ 410,922 473,545	\$ 576,299 400,200	\$ 608,459 404,185	\$ 614,369 352,789	\$ 1,441,803 313,358	\$ 3,611,137 659,273	\$ 3,133,630 788,769	\$ 5,328,972 1,308,582	\$1,517,573 1,021,948	\$ 2,949,803 1,458,508	\$2,024,147 1,279,841
Operating Profit		\$ 72,478	\$ (62,623)	\$ 176,099	\$ 204,274	\$ 261,580	\$ 1,128,445	\$ 2,951,864	\$ 2,344,861	\$ 4,020,390	\$ 495,625	\$ 1,491,295	\$ 741,306
Other Income: Interest	\$ 5,649 1,955	\$ 5,699 1,905	\$ 5,827 775	\$ 4,207 4,049	\$ 1,705 6,593	\$ 1,231 5,385	\$ 1,362 2,721	\$ 10,010 1,763	\$ 28,692 3,933	\$ 23,282 1,825	\$ 41,334 3,534	\$ 6,169 688	\$ 1,685 87
TotalGross Income	\$ 7,604 \$ 150,800		\$ 6,602 \$ (56,021)	\$ 8,256 \$ 184,355	<del></del>	\$ 6,616 \$ 268,196	\$ 4,083 \$ 1,132,528	\$ 11,773 \$ 2,963,637	\$ 32,625 \$ 2,377,486	\$ 25,107 \$ 4,045,497	\$ 44,868 \$ 540,493	\$ 6,857 \$ 1,498,152	\$ 1,772 \$ 746,078
Other Deductions: Interest	1,562 \$ 27,863	2,311 \$ 47,292	\$ 48,679 60 \$ 48,739 \$ (104,760)	\$ 21,683 \$ 21,683 \$ 162,672	150 \$ 150	\$ 3,657 203 \$ 3,860 \$ 264,336	\$ 68,527 \$ 68,527 \$ 1,064,001	\$ 214,133 \$ 214,133 \$ 2,749,504	\$ 179,929 4,011 \$ 183,940 \$ 2,193,546	\$ 109,980 14,409 \$ 124,389 \$ 3,921,108	\$ 11,590 35 \$ 11,625 \$ 528,868	\$ 4 (290) \$ (286) \$ 1,498,438	
Taxes: Provisions for the Year, Estimated	4 407 400	<del>i</del>		\$ 17,796 \$ 144.876		\$ 126,301 \$ 138,035	\$ 692,649 \$ 371,352	\$ 2,006,434 \$ 743,070	\$ 1,608,621 \$ 584,925	\$ 3,050,682 \$ 870,426	\$ 62,993 \$ 465,875	\$ 571,930 \$ 926,508	\$ 262,000 \$ 428,552
Net Profit or (Loss)	\$ 105,420	\$ 29,299	\$ (106,911)	, 4 144,070	ψ 170,330		<del>+</del>	<del></del>	¥ 307,323	¥ 070,720	₩ <del>1</del> 03,073	<b>₹</b> 720,300	<b>4</b> 720,332

Notes: (a) Data from reports of audits by Haskins & Sells for 1936 through 1938, by Ernst & Ernst for 1939 through 1948. Due to variation in accounting practices of certain transactions which were previously reflected in profit and loss or earned surplus in the period in which determined.

(b) \$3,215,950 of 1946 Sales and Cost of Goods Sold represent inventory claims and settlements on war contracts.

and captions in different years, the audit figures have been rearranged and adjustments have been made to give effect to the allocation to the year affected,

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# EXHIBIT

#### DAY & NIGHT

# MANUFACTURING COMPANY

Comparative Consolidated Statement of Income and

Profit and Loss from January 1, 1936 through June 30, 1948

Data furnished by the Company and rearranged:

Tor comparability by Sanderson & Porter.

	_	1936		1937	Ye	er Ended 1938	De	combor 51, 1939
Sales (net)	\$	761,751	\$1	,109,295	\$1	,054,216	\$I	,243,528
Cost of Sales		495,166		746,572		733,239		876,553
Gross Profit	\$	266,585	\$	362,723	\$	320,927	\$	366,975
Operating Expenses:								
Sales and Service	\$	161,045	\$	215.861	\$	232,471	\$	249,963
Administrative and General		29,678		44,639		45,744		46,133
Engineering								
Overall Management								
Total Operating Expenses	\$	190,723	\$	260,500	\$	278,215	\$	296,096
Operating Profit		75,862		102,233		42,712		70,879
Other Expenses—less Other Income		4,819		8,480		11.380		7,076
Profit before Taxes on Income	ş	71,043	\$	93,753	\$	31,332	\$	63,903
Provision for Taxes on Income		14,315		17,480		7,627		11,969
Net Profit	š	56,728	\$	76,273	\$	23,705	\$	51,834

	<u>_</u>											a Months Ended	_	Year Ended	0	ctober 31,-	-	t M. Endeu june 30,
		1940	_	1941		1942		1943	_	1944		1945	_	1946		1947		
	\$1	,366,702	-	2,052,109	-	.873,199	•	2,985,737	-	5,085,590	•	7,700.209	-	5,254,121	•	5,784,713	•	5,981,531
		973,874		1,491,930	1	,514,556	7	2.543.033	4	1,996,311	-	5.568,160	-	1,299,572	_'	1.813,401	- 4	1,032,636
	\$	392,828	\$	560,179	\$	358,643	\$	443,704	\$	,088,779	\$1	,132,049	\$	954,549	\$1	1,971,219	\$1	,918,898
	\$	266.385	\$	312,682	\$	191,132	\$	124,365	\$	314,964	\$	271,053	\$	401,537	\$	545,351		
		50,358		57,100		67,223		205,877		293,800		367,340		165,139		210,704		
										*********		32,276		117.856		132,230		
								•						87,000		92,000		
•	\$	316,743	\$	369,782	\$	258,355	\$	330,242	\$	608,764	\$	670,669	\$	771,832	\$	980,208	\$	991,555
	\$	76,085	\$	190,397	\$	100,288	\$	113,462	\$	480,015	\$	161,380	\$	182,717	\$	990,931	\$	954,313
		1,152		28,609		14,230		31,310		12,997		23.358		(52,765)		(20,039)		16.382
	\$	74,933	\$	161,788	\$	85,058	\$	82,152	\$	467,018	\$	437,932	\$	235,482	\$	1,010,970	\$	937,961
		18,947		110,191		13,434		32,277		345,881		298,733		95,065		376 801		356 000
	\$	55,986	\$	51,597	\$	72,624	\$	49,875	\$	121,137	\$	139,259	\$	140,417	\$	631,166	\$	581,961

# Notes:

(a) Day & Night Flare Corporation, a wholly-owned subsidiary organized for accounts are consolidated in the above profit and loss statement during the

(b) The above statement of profit and loss gives effect to the allocation to the loss or earned surplus in the period in which determined.

war work, existed from December 1943 to October 1946 when it was dissolved. Its period of its existence.

year affected, of certain adjustments which were previously reflected in profit or

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PAYNE FURNACE COMPANY

PAYNE FURNACE & SUPPLY COMPANY, INC.

Comparative Statement of Income and Profit and Loss for the Period April 1, 1937 through June 30, 1948

					— i	'ayus Purp	T.	& Supply Ended
·	193	)		1939		1940		1941
Net Sales	\$1,602,	<b>101</b>	\$1	,529,653	\$1	,692,568	\$2	2,101,258
Cost of Sales	1,095,	977	1	,099,805	1	,181,450	1	,461,141
Gross Profit	\$ 506,	124	\$	429,848	\$	511,118	\$	640,117
Administrative, Selling, General & Management Expenses:  Administrative & General  Selling	\$ 129, 286,		\$	137,364 288,819	\$	156,061 289,837	\$	149,480 319,681
Overall Management		•• ••		**********	•			
Total Administrative, Selling, Gen'l & Manage-	\$ 415.	623	\$	426,183	\$	445,898	\$	469,161
Operating Profit	\$ 90,	501	\$	3,665	\$	65,220	\$	170,956
Other Income or (Deductions) Net	(	565)		(1,185)		(1,963)		(3,559)
Profit or (Loss) Before Fed'l Income Taxes	\$ 90,	236	\$	2,480	\$	63,257	*	167,397
Provision for Federal Income Taxes		101		532		11,004		54,292
Net Profit or (Loss)	\$ 78.	832	\$	1,948	\$	52,253	\$	113,105

Note: The above statement of profit and loss gives effect to the allocation to the loss or earned surplus in the period in which determined.

Compen March							n Months		Payne Nine Months	Fur	nace Cor	<b>upa</b> n	,		Eight Months
194	12		1943		1944		Ended nuary 31, 1945	0	Ended ctober 31, 1915	~Ye	er Ended 1946	Oct	ober 31,¬ 1947		Ended June 30, 1948
\$2,455	3,073	\$1,	672,634	\$3	,105,506	\$2	,868,818	\$3	043,142	\$3,	161,387	\$5	,178,323	\$.	2.17/1.020
1,599	7,293	I,	261,821	2	,499,994	2	.339,644	1	,614,155	2,	096,508	3	,121,201		1,951,782
\$ 850	8,780	\$	410,813	\$	605,512	\$	529,174	\$	128,987	\$1,	064,879	\$2	,057,122	\$	1,011.23
\$ 20.	3,877	\$	122,020	\$	188,994	\$	210,161		160,764	\$	294,126	\$	370,719		
32	7,916		157,844		121,228		75,873		210,324		549,260		791,391		
	·										46,000	<b></b> .	71,000		
\$ 53	1,793	\$	279,864	\$	310,222	\$	286,031	\$	371.088	\$	889,386	\$1	,233,113	\$	890,415
\$ 320	5,987	\$	130,949	\$	295,290	\$	243,140	\$	57,899	\$	175,493	\$	821(017)	\$	123,82
(53	3,448)		8,403		(15,549)		17,903		2,010		80,358	4	(5,285)		(4,65)
\$ 27.	3,539	\$	139,352	\$	279,741	\$	260,143	\$	59,909	\$	255,851	\$	818,721	\$	119,17
142	7,325		79,247		206,233		195,769		29,275		96,114		308,777		46,000
\$ 120	5,214	\$	60,105	\$	71,508	\$	64,374	\$	30,634	\$	159,407	- š	507,117	\$	73.17.

year affected, of certain adjustments which were previously reflected in profit or

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As amended to and including 11/15/42

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SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C.

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APR 3 1950

DOCKET, MAIL & FILES

FORM 8-C

APPLICATION FOR REGISTRATION OF SECURITIES ON AN ADDITIONAL EXCHANGE PURSUANT TO SECTION 12 (b), (c) and (d) OF THE SECURITIES EXCHANGE ACT OF 1934

AFFILIATED GAS EQUIPMENT, INC.

(Exact name of registrant as specified in charter)

17877 ST. CLAIR AVENUE, CLEVELAND 10, OHIO (Address of principal executive offices)

VICE-PRESIDENT, SECRETARY & TREASURER
PHILIP W. SCOTT
17877 ST. CLAIR AVENUE. CLEVELAND 10. OHIO
(Name and address of person authorized to receive notices and communications from the Securities and Exchange Commission.)

# SECURITIES BEING REGISTERED.

(a) Furnish the information required by the following table as to each class of securities being registered pursuant to this application:

Col. A.	:	Col. B.	:	Col. C.	:	
Title of Securities being registered	:	Amount of issued securities being registered	:	Amount of unissued securities being registered upon notice of issuance	:	Name of each exchange on which each class is being registered
\$3.00 Cumul tive Prefer Stock		40,000 share	9			Mid-West Stock Exchange
Common Stoc (\$1.00 - Pa Value)	r	,206,260 share	8	58,740 shares Common Stock		

(b) Briefly describe the transactions in which it is proposed to issue the amounts of securities shown in Column C of the above table.

Pursuant to Warrants attached to the \$3.00 Cumulative Preferred Stock, 39,990 shares of Common Stock are held for issuance to such Preferred shareholders as may exercise said Warrants. The right contained in the Warrants permit all holders of \$3.00 Cumulative Preferred Stock, with Warrants attached, to purchase one share of Common Stock for each share of Preferred Stock held, at the purchase price of \$11.25 per share. This right becomes void if not exercised prior to January 16, 1954. The remaining 18,750 shares of Common Stock are being held for issuance under the Employee Stock Purchase Plan of the Company, whereby certain officers and key employees have entered into a purchase contract with the Company for the purchase of a certain number of shares of Common Stock at a price of \$8.00 per share, the total price payable in ten equal installments annually.

## REGISTRATION ON OTHER EXCHANGES.

Give the name and address of each exchange on which the registrant now has listed and registered securities of the same class as those being registered pursuant to this application.

The Securities, described in 1(a) above, are presently listed on the New York Stock Exchange, 11 Wall Street, New York, New York.

# 3. NATURE OF BUSINESS.

Indicate briefly the kind of business in which the registrant and its subsidiaries, if any, are presently engaged.

Affiliated Gas Equipment, Inc. is engaged primarily in the business of manufacturing and selling gas and oil heating equipment, water heaters, water coolers, and allied miscellaneous products used by the heating industry for the residential, commercial and industrial markets.

# LIST OF EXHIBITS.

List all applications, reports, and other documents filed as exhibits to this application.

- 1. (a) Application for listing of New York Stock Exchange 1,065,000 shares of Common Stock and 40,000 shares of \$3.00 Cumulative Preferred Stock, dated February 25, 1949.
  - (b) Application for listing of New York Stock Exchange 200,000 shares of Common Stock dated March 17, 1950.
- (a) Copy of Securities & Exchange Commission 8-K Reports of registrant, filed for the two calendar quarters ending June 30, 1949 and September 30, 1949.
  - (b) Copy of Securities & Exchange Commission 9-K Report, filed for the calendar quarter ending December 31, 1949.
  - (c) Copy of Securities & Exchange Commission 8-K Current Report, filed March 9, 1950.

Upon the basis of the information and documents comprising this application, the undersigned hereby applies for registration pursuant to Section 12 (b), (c), and (d) of the Securities Exchange Act of 1934 of the securities specified in Item 1 of this application on the respective exchanges therein specified.

AFFILIATED GAS EQUIPMENT. INC.

Attest:

__,Secretary

U.S. SECURITIES & EXCHANGE COMMISSION

.Presider

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FILED APR 3 1950

2nd Mail Docket, Mail & Files

# EXHIBIT 1.(4)

DEPARTMENT OF STOCK LIST NEW YORK STOCK EXCHANGE

A-13179

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AFFILIATED GAS EQUIPMENT, INC. SECURITIES & EXCHANGE COMMISSIO

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(with or without Non-Detachable Common Stock Purchase Warrants) APR 3 1950

\$1 Par Value

ZIVD MAIL DOCKET, MAIL & FILES Cleveland 10, Ohio, February 25, 1949.

Affiliated Gas Equipment, Inc., a Delaware corporation (hereinafter called the "Corporation"), hereby applies for listing on the New York Stock Exchange of:

40,000 shares of \$3.00 Cumulative Preferred Stock, par value \$50 per share. with or without Non-Detachable Common Stock Purchase Warrants attached (hereinafter sometimes called "Preferred Stock"), all of which are issued and outstanding;

1,004,250 shares of Common Stock, par value \$1 per share, all of which are issued and outstanding;

40,000 shares of Common Stock, par value \$1 per share, on official notice of issuance, upon the exercise of the Non-Detachable Common Stock Purchase Warrants attached to certificates for Preferred Stock; and

20,750 shares of Common Stock, par value \$1 per share, on official notice of issuance, on purchase by officers, directors, or employees pursuant to the Corporation's Stock Purchase Plan,

making the total amount applied for:

40,000 shares of such Preferred Stock, and 1.065.000 shares of such Common Stock.

Reference is made to the Corporation's Prospectus, issued under date of January 13, 1949, in connection with the sale of shares of Preferred Stock with Non-Detachable Common Stock Purchase Warrants attached and Common Stock, and such Prospectus is incorporated herein and made a part hereof and referred to for additional information required in connection with this listing application.

# AUTHORIZATION FOR ISSUANCE

The Board of Directors of the Corporation, at a meeting held on January 5, 1949, authorized the issuance and sale to Underwriters of 40,000 shares of Preferred Stock with Non-Detachable Common Stock Purchase Warrants attached and 1,000,000 shares of Common Stock. At such meeting, the Board of Directors also authorized the reservation of 40,000 shares of Common Stock for issuance upon the exercise of the Non-Detachable Common Stock Purchase Warrants attached to certificates for Preferred Stock and the reservation of 25,000 shares of Common Stock for issuance and sale pursuant to the Corporation's Stock Purchase Plan. No other authority is required.

### OPINION OF COUNSEL

Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, of Cleveland, Ohio, general counsel for the Corporation, have given their opinion that the Corporation is a corporation duly organized and existing under the laws of the State of Delaware; that the 40,000 shares of Preferred Stock and 1,004,250 shares of Common Stock have been duly authorized and are validly issued, fully paid and non-assessable; that the Non-Detachable Common Stock Purchase Warrants attached to certificates for Preferred Stock are valid obligations of the Corporation in accordance with their terms; that the 40,000 shares of Common Stock reserved for issuance upon the exercise of the Non-Detachable Conmon Stock Purchase Warrants attached to certificates for Preferred Stock have been duly authorized and when issued in accordance with the terms of such Warrants will be validly issued, fully paid and non-assessable; that the 20,750 shares of Common Stock reserved for sale to officers, directors or employees pursuant to the Corporation's Stock Purchase Plan, have been duly authorized and when issued in accordance with such Stock Purchase Plan, will be validly issued, fully paid and non-assessable; and that under the laws of Delaware, where the Corporation is incorporated, or the laws of Ohio, where the Corporation's principal place of business is located, the holders of such shares of Preferred Stock or of Common Stock will not be subject to personal liability by reason of being such holders.

A-1317

The management intends to nominate Mr. William A. McAfee, a partner of Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, for election as a director of the Corporation at the next annual meeting of stockholders to be held on May 9, 1949 and, if permissible under the laws of the State of Delaware, Mr. McAfee may be elected by the Board of Directors at an earlier date to serve until such annual meeting. Reference is made to the statements in this regard on page 18 of the Prospectus.

# REGISTRATION UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

An application to the Securities and Exchange Commission on Form 10 for the permanent registration on the New York Stock Exchange of 40,000 shares of Preferred Stock and 1,065,000 shares of Common Stock of the Corporation in accordance with the provisions of the Securities Exchange Act of 1934, as amended, is being filed with the Securities and Exchange Commission concurrently herewith.

# REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED

The shares of Preferred Stock and Common Stock of the Corporation for the listing of which application is hereby made are covered by a Registration Statement on Form S-1 (Registration No. 2-7767) filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, which Registration Statement became effective on January 11, 1949.

#### AFFILIATED COMPANIES

The Corporation has no subsidiaries.

Based on information available to the Corporation, there is no Corporation, individual or other entity, which owns, directly or indirectly, ten per cent. or more of the voting stock of the Corporation.

#### STOCKHOLDER RELATIONS

Each stockholder of the Corporation will receive an annual report which includes financial statements. In addition, the Corporation will publish quarterly interim statements of earnings and intends to mail, from time to time, to each stockholder matters of interest which describe the activities of the Corporation, improvements to plant, Corporation's products and other developments of general interest to stockholders.

For each meeting of the stockholders, the Corporation will send to each stockholder a notice of meeting, a proxy statement setting forth pertinent data with respect to matters to be acted upon at the meeting and a form of proxy enabling the stockholder to vote by proxy if he is unable to attend the meeting in person.

Dividend actions by the Board of Directors are to be released to the press as soon as taken. Other press releases are to be made from time to time relating to the Corporation, its activities and its products, when, in the judgment of the management, such releases are appropriate.

Correspondence from stockholders is answered by the Secretary of the Corporation unless directed to a particular office or individual, in which case it is customarily answered by the person addressed. No outside public relations counsel is now retained to handle such correspondence.

#### FINANCIAL INFORMATION

Reference is made to the tabulation on page 5 of the Prospectus of the combined net sales and operating results, for the twelve-year and ten-month period ended October 31, 1948, of Bryant Heater Company and Day & Night Manufacturing Company and for the twelve-year and seven-month period ended October 31, 1948, of Payne Furnace Company (including a predecessor company), whose assets were acquired by the Corporation on January 12, 1949.

Attention is called to the fact that the Corporation on January 11, 1949 issued to Bryant Heater Company, Day & Night Manufacturing Company and Payne Furnace Company demand notes for an aggregate sum of \$10,870,000 and assumed all liabilities of such companies, subject to certain exceptions set forth in the respective agreements of sale, as consideration for all of the assets of such companies (see captions "The Company" and "Application of Proceeds" on pages 3 and 4 of the Prospectus), and on January 18, 1949 issued \$4,000,000 principal amount of 4% Fifteen-year Sinking Fund Notes, due February 1, 1964 (see captions "Capitalization and Funded Debt" and "Description of Funded Debt" on page 3 and pages 21 through 23, respectively, of the Prospectus). The aforesaid demand notes were paid in full on January 18, 1949 out of the total net proceeds of the sale on that date of the 40,000 shares of Preferred Stock with warrants attached and 1,000,000 shares of Common Stock, for the listing of which application is hereby made, and out of approximately \$1,250,000 of the proceeds of such Sinking Fund Notes. The annual interest requirement on the Sinking Fund Notes and the annual dividend requirement on the Preferred Stock will amount to \$160,000 and \$120,000, respectively. Such annual requirements will be reduced in the event of payments on account of the principal of the Sinking Fund Notes or the redemption of shares of Preferred Stock by amounts proportionate to the principal amount paid on such Sinking Fund Notes or to the number of shares of Preferred Stock redeemed.

#### AFFILIATED GAS EQUIPMENT, INC. - PAGE THREE

#### BUSINESS, FINANCIAL AND ACCOUNTING POLICIES

#### AUDIT PROCEDURE:

The independent public accountants for the Corporation are Ernst & Ernst. The accountants will be elected by the Corporation's Board of Directors at annual meetings thereof, and they will report directly to the Board of Directors. They will make periodic audits and will have authority to examine all records and supporting evidence. Representatives of that firm will be free to but will not ordinarily attend stockholders' meetings.

The Corporation's chief accounting officer, Philip W. Scott, Secretary-Treasurer, is elected by the Board of Directors. He has authority to perform all acts usually incident to the position of Secretary-Treasurer, including the keeping of full and accurate account of moneys received and paid by him. The Secretary-Treasurer is subject to the control of the Board of Directors to whom he reports. He ordinarily attends meetings of the Board of Directors.



#### DEPRECIATION

Provisions for depreciation are computed on the "straight-line" method and on the basis of the estimated service lives, principally as to each individual asset or group of assets, with the result that varying rates are applied to assets of a similar character but having different remaining lives. The more important classes and average estimated lives are as follows:

Asset Classification	Estimated Life (Years)
Land Improvements	10
Buildings	20 - 33!/5
Machinery and Equipment	. 10 - 15
Patterns	4 - 10
Factory Equipment	. 10 - 15
Dies, Jigs and Fixtures	4 - 63/3
Office Furniture and Fixtures	. 10 - 15
Office Machines	. 5 - 15
Automotive Equipment	
Canteen Equipment	5 - 10
Factory Equipment - Short Life	
Small Tools	

#### LEASES:

The business of the Corporation is carried on principally upon premises owned in fee. It is anticipated that total rentals will be paid for the year 1949 in the approximate amount of \$125,000. Of this amount, \$25,000 will be paid as rental for the Tyler, Texas plant of the Bryant Heater Division, and \$35,000 will be paid for the London Road plant of the Bryant Heater Division.

#### COMMITMENTS:

It is the policy of the Corporation to make purchase commitments based principally upon customers' orders, releases and commitments for materials required for their products. In the opinion of the Corporation, its commitments are not made to an extent which may materially affect its financial position.

In the normal course of business, it is not anticipated that the Corporation will need to expand working capital through short-term loans.

### VALUATION OF INVENTORIES AND METHOD OF COMPUTING COST OF GOODS SOLD:

Inventories used (1) in the computation of cost of goods sold and (2) for balance sheet purposes are stated generally on the basis of average cost (not in excess of replacement market.) The method of adjusting inventories has not been determined.



# CONSOLIDATION:

The Corporation has no subsidiaries.

#### **AGREEMENTS**

Nothing in the following Agreements shall be so construed as to require the Company to do any acts in contravention of law or in violation of any rule or regulation of any public authority exercising jurisdiction over the Company.

APPILIATED GAS EQUIPMENT, INC., (hereinafter called "the Corporation"), in consideration of the listing of the securities covered by this application, hereby agrees with the New York Stock Exchange (hereinafter called "the Exchange"), as follows:

I

- 1. The Corporation will promptly notify the Exchange of any change in the general character or nature of its business.
- The Corporation will promptly notify the Exchange in the event that it or any company controlled by it shall dispose of any property or of any stock interest in any of its subsidiary or controlled

#### APPILIATED GAS EQUIPMENT, INC. - PAGE FOUR

companies, when the disposal thereof will materially affect the financial position of the Corporation or the nature or extent of its operations.

- 3. The Corporation will promptly notify the Exchange of any change in, or removal of, collateral deposited under any mortgage or trust indenture, under which securities of the Corporation have been issued and are listed on the Exchange.
- 4. The Corporation will forward to the Exchange copies of all notices mailed by the Corporation to its stockholders with respect to amendments to its Certificate of Incorporation, and will file with the Exchange two copies of the amended Certificate of Incorporation of the Corporation, or resolutions of Directors in the nature of amendments (one of which will be certified) as soon as such amendments shall have become effective, and the Corporation will file with the Exchange two copies of all amendments to the By-Laws of the Corporation (one of which will be certified) as soon as such amendments shall have become effective.
- 5. In the event of the issuance by the Corporation of any options or warrants to purchase any stock of the Corporation, the Corporation will promptly notify the Exchange (a) of the number of shares covered by such options or warrants, of the terms thereof and of the time within which they may be exercised, and (b) of any subsequent change in, or cancellation or exercise of, such options or warrants; and the Corporation will include like information as to all such options or warrants then outstanding in all its financial reports to its stockholders and in all of its formal published reports.
- 6. In the event that any previously issued and listed stock of the Corporation is reacquired or disposed of, directly or indirectly, for the account of the Corporation, the Corporation will notify the Exchange within the first ten (10) days of the succeeding month of all transactions during the previous month in stock so reacquired or disposed of and will report the total number of shares of such stock so held by it at the end of such previous month.
- 7. The Corporation will not without the prior approval of the Exchange purchase, directly or indirectly, any of its securities listed on the Exchange at a price in excess of that at which the securities so purchased might then be obtained in the open market.
- 8. The Corporation will not without the prior approval of the Exchange select any of its listed securities for redemption otherwise than pro rata or by lot; and the Corporation will notify the Exchange at least fifteen (15) days in advance of any redemption and will promptly furnish to it any information requested in reference to such redemption.
- 9. The Corporation will promptly notify the Exchange of any corporate action which will result in the redemption, cancellation or retirement, in whole or in part, of any security of the Corporation listed on the Exchange and will notify the Exchange as soon as the management of the Corporation has notice of any other action which will result in any such redemption, cancellation or retirement.
- 10. If at any time the stock certificates of the Corporation do not recite the preferences of all classes of its stock, it will furnish to its stockholders, upon request and without charge, a printed copy of preferences of all classes of such stock.
- 11. The Corporation will furnish to the Exchange on demand such information concerning the Corporation as the Exchange may reasonably require.
- 12. The Corporation will not make any change in the form or nature of any of its securities that are listed on the Exchange or in the rights or privileges of the holders thereof, without having given twenty days' prior notice to the Exchange of the proposed change and having made application for the listing of the securities as changed, if the Exchange shall so require.
- 13. The Corporation will make application to the Exchange for the listing of additional amounts of listed securities sufficiently prior to the issuance thereof to permit action in due course upon such application.

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1. The Corporation will publish at least once in each year and submit to its stockholders at least fifteen days in advance of the annual meeting of such stockholders and not later than three morths after the close of the last preceding fiscal year of the Corporation a Balance Sheet as of the end of such stock; or, in lieu thereof, eliminating all intercompany transactions, a Consolidated Balance Sheet of the Corporation and its subsidiaries as of the end of its last previous fiscal year, and a Consolidated Surplus Statement and a Consolidated Income Statement of the Corporation and its subsidiaries for such fiscal year. If any such consolidated statement shall exclude corporations a majority of whose equity stock is owned directly or indirectly by the Corporation: (a) the caption of, or a note to, such statement will show the degree of consolidation; (b) the Consolidated Income Account will reflect, either in a footnote or otherwise, the parent company's proportion of the sum of, or difference between, Current Earnings or Losses and the dividends of such unconsolidated subsidiaries for the period of the report, and (c) the Consolidated Balance Sheet will reflect, either in a footnote or otherwise, the extent to which the equity of the parent company in such subsidiaries has been increased or diminished since the date of acquisition as a result of profits, losses and distributions.

#### AFFILIATED GAS EQUIPMENT, INC. - PAGE FIVE

Appropriate reserves, in accordance with good accounting practice, will be made against profits arising out of all transactions with unconsolidated subsidiaries in either parent company statements or consolidated statements.

Such statements will reflect the existence of any default in interest, cumulative dividend requirements, sinking fund or redemption fund requirements of the Corporation and of any controlled corporation, whether consolidated or unconsolidated.

- 2. All financial statements contained in annual reports of the Corporation to its stockholders shall be audited by independent public accountants qualified under the laws of some state or country and shall be accompanied by a copy of the certificate made by them with respect to their audit of such statements showing the scope of such audit and the qualifications, if any, with respect thereto.
- 3. All financial statements contained in annual reports of the Corporation to its stockholders shall be in the same form respectively, as agreed upon with the Exchange, and shall disclose any substantial item of an unusual or non-recurrent nature.
- 4. The Corporation will publish such periodical interim statements of earnings as it shall agree upon with the New York Stock Exchange. Such interim statements of earnings will show net profits on the basis of the same degree of consolidation as in the annual report and after Depreciation, Depletion, Normal Income Taxes and Interest, estimating the proportionate amount of these items as accurately as may be if not finally determined, and will disclose any substantial item of an unusual or non-recurrent nature.
- 5. The Corporation will not make, nor will it permit any subsidiary directly or indirectly controlled by it to make, any substantial charges against capital surplus, without notifying the Exchange. If so requested by the Exchange, the Corporation will submit such charges to stockholders for approval or ratification.
- 6. The Corporation will not make any substantial change, nor will it permit any subsidiary directly or indirectly controlled by it to make any substantial change in accounting methods, or in policies as to depreciation and depletion, or in bases of valuation of inventories or other assets, without notifying the Exchange and disclosing the effect of any such change in its next succeeding interim and annual report to its stockholders.

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- 1. The Corporation will maintain in accordance with the rules of the Exchange:
- (a) An office or agency in the Borough of Manhattan, in the City of New York, where the principal of and interest on all bonds of the Corporation listed on the Exchange shall be payable and where any such bonds which are registerable as to principal or interest may be registered; and
- (b) A transfer office or agency in the Borough of Manhattan, in the City of New York, where all stock of the Corporation listed on the Exchange shall be directly transferable and where dividends and all other payments with respect to such stock shall be payable; and
- (c) A registry office, other than its transfer office, in the Borough of Manhattan, in the City of New York, south of Chambers Street, where all stock of the Corporation listed on the Exchange may be registered.

If at any time the transfer office or agency of the Corporation shall be located north of Chambers Street, the Corporation will arrange, at its own cost and expense, that its registry office, or some other suitable office satisfactory to the Exchange and south of Chambers Street, will receive and redeliver all securities there tendered for the purpose of transfer.

- If the transfer books of the Corporation should be closed permanently, the Corporation will continue to split up certificates for its stock which at the time shall be listed on the Exchange into certificates of smaller denominations in the same name so long as such stock shall be retained upon its list by the Exchange.
- 2. The Corporation will not add to the number of its transfer agencies nor make any change of a transfer agency or of a trustee or fiscal agent of any securities of the Corporation listed on the Exchange, without prior notice to the Exchange, and the Corporation will not add to the number of registrars of its stock which at the time shall be listed on the Exchange, nor change a registrar of such stock without the prior approval of said Exchange; nor will the Corporation select an officer or director of the Corporation as a trustee of a mortgage or other security of the Corporation listed on the Exchange.
- 3. The Corporation will have on hand at all times a sufficient supply of certificates to meet the demands for transfer.
- 4. The Corporation will give the Exchange at least ten days' notice in advance of the closing of the transfer books, or of the taking of a record of its stockholders for any purpose.

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5. The Corporation will publish promptly to the holders of any of its securities listed on the Exchange any action taken by the Corporation with respect to dividends or to the allotment of rights to subscribe or to any rights or benefits pertaining to the ownership of its securities listed on the Exchange; and shall give prompt notice to the Exchange of any such action; and shall afford the holders of its securities listed on the Exchange a proper period within which to record their interests and to exercise their rights; and shall issue all such rights in form approved by the Exchange and will make the same transferable, payable and deliverable in the Borough of Manhattan in the City of New York.

#### GENERAL INFORMATION

The fiscal year of the Corporation ends on the 31st day of December.

The principal business address of the Corporation is 17877 St. Clair Avenue, Cleveland 10, Ohio. Its statutory address is 129 South State Street, Dover, Delaware.

The Corporation's By-laws provide that the Annual Meeting of stockholders shall be held at the office of the Corporation in the City of Cleveland, in the State of Ohio, but that other meetings of stockholders may be held at such place or places as may be determined from time to time by the Board of Directors. The Annual Meeting of stockholders for the election of directors and the transaction of other business shall be held on the second Monday in May, in each year, at 2 P.M. o'clock. If this date shall fall upon a legal holiday, the meeting shall be held on the next succeeding business day. A written or printed notice, stating the place and time of the Annual or Special Meeting, and the general nature of the business to be considered, shall be given by the Secretary of the Corporation to each stockholder entitled to vote thereat at his last known post office address, at least twenty (20) days and not more than forty (40) days before the meeting. No change of the time and place of a meeting for the election of directors, as fixed by the By-laws, shall be made within sixty (60) days next before the day on which such election is to be held. In case of any change in such time or place for such election of directors, notice thereof shall be given to each stockholder entitled to vote, in person, or by letter mailed to his last known post office address, twenty (20) days before the election is held. Any number of stockholders together holding a majority of the stock issued and outstanding entitled to vote, who shall be present in person or represented by proxy at any meeting duly called, shall constitute a quorum for the transaction of business. If less than a quorum is present or represented at any meeting, a majority of the stockholders present or represented and entitled to vote may adjourn the meeting from time to time. If notice of such adjourned meeting is sent to the stockholders entitled to receive the same, such notice also containing a statement of the purpose of the meeting and that the previous meeting failed for lack of a quorum and that pursuant to the By-laws of the Corporation it is proposed to hold the adjourned meeting with a quorum of those present, then any number of stockholders, in person or by proxy, shall constitute a quorum at such meeting unless otherwise provided by statute.

The Transfer Agent of the \$3.00 Cumulative Preferred Stock and the Common Stock and the Agent for the Non-Detachable Common Stock Purchase Warrants attached to certificates of Preferred Stock is The New York Trust Company, 100 Broadway, New York 15, New York.

The Registrar of the \$3.00 Cumulative Preferred Stock and the Common Stock is Bankers Trust Company, 16 Wall Street, New York 15, New York.

AFFILIATED GAS EQUIPMENT, INC.

By L. C. HARVEY
President

March 10, 1949

The New York Stock Exchange hereby authorizes the listing of the above-mentioned 40,000 shares of \$3.00 Cumulative Preferred Stock, with or without Non-Detachable Common Stock Purchase Warrants attached.

The Exchange also authorizes the listing of the above-mentioned:

1,004,250 shares of Common Stock, with authority to add:

40,000 shares of such Common Stock on official notice of issuance upon the exercise of Non-Detachable Common Stock Purchase Warrants attached to certificates for Preferred Stock, and

20,750 shares of such Common Stock on official notice of issuance on purchase by officers, directors or employees pursuant to the Corporation's Stock Purchase Plan,

making a total of:

1,065,000 shares of Common Stock authorized to be listed.

PHILLIP L. WEST, Director Department of Stock List EMIL SCHRAM, President New York Stock Exchange

# Affiliated Gas Lyurpment, Inc.

40,000 Shares \$3.00 Cumulative Preferred Stock (\$50 Par Value)

With Non-Detachable Common Stock Purchase Warrants

"The non-detachable Warrants entitle the registered holders of shares of the \$3.00 Cumulative Preferred Stock to purchase one share of Common Stock for each share of such \$3.00 Cumulative Preferred Stock held, upon surrender of the Warrant, at a price of \$11.25 per share; such number of shares receivable upon the exercise of the Warrants being subject to adjustment as described herein under the sub-caption "Warrants for Purchase of Common Stock and Scrip Certificates". The net proceeds to the Company from the sale of shares of Common Stock, pursuant to the exercise of the Warrants, are to be applied exclusively to the purchase or redemption of the \$3.00 Cumulative Preferred Stock. The Warrants will become void after January 15, 1954.

1,000,000 Shares Common Stock (\$1 Par Value)

25,000 Shares Common Stock (\$1 Par Value)

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discounts or Commissions (1)	Proceeds to Company(2)
40,000 Shares of \$3.00 Cumulative Preferred Stock with Non-Detachable Warrants for the Purchase of 40,000 Shares of Common Stock			
Total	\$2,000,000	\$ 130,000(3)	\$1,870,000
Per Unit	\$50.00	\$3.25(3)	\$46.75
1,000,000 Shares of Common Stock			
Total	\$9,250,000	\$1,250,000	\$8,000,000(4)
Per Share	\$ 9.25	\$1.25	\$ 8.00
25,000 Shares of Common Stock (5)			
Total	\$ 200,000	None	\$ 200,000(6)
Per Share	\$ 8.00	None	\$ 8.00

(1) Does not include \$40,000, or 1% of the aggregate principal amount of the Term Loans referred to in the caption "Description of Funded Debt", which the Company has agreed to pay Reynolds & Co. for negotiating such Term Loans.

(2) The proceeds shown as receivable by the Company are without allowance for expenses of registration of approximately \$106,130. Included in this sum is \$6,000 representing the maximum contribution which the Company has agreed to make towards the expenses of qualifying the Preferred Stock and the Common Stock for sale in the various states.

The Company has agreed to indemnify the Underwriters against erratin types of civil liability arising in connection with the Registration Statement, this Prospectus, or under the "Blue Sky" laws of various states. Reference is made to the caption "Underwriting Assessments".

Arrangements".

(3) Pursuant and subject to the terms of the Underwriting Agreement described under the caption "Underwriting Arrangements", the Underwriters have agreed to purchase 40,000 units of Preferred Stock with Non-Detachable Common Stock Purchase Warrants and to pay to the Company \$2,004,000, or \$50,10 per unit, which sum will be received by the Company on the closing date. Pursuant to said underwriting Agreement, the Company has agreed to pay to the Underwriters, in consideration of the services rendered by the Underwriters in connection with this financing, \$134,000, or a sum equivalent to \$3.35 per unit. Based upon the amount to be paid by the Underwriters to the Company for the 40,000 units of Preferred Stock with Warrants attached and the public offering price of such 40,000 units set forth above, the net amount to be received by the Underwriters from the Company in this connection will be \$13,000, or a sum equivalent to \$3.25 per unit. For the purpose hereof, such payment has been included in the underwriting discounts or commissions and has been deducted from the proceeds to be received by the Company.

(4) This figure is calculated without ploware for the possible exercise of the Non-Detachable Common Stock Purchase Warrants

(4) This figure is calculated without allowance for the possible exercise of the Non-Detachable Common Stock Purchase Warrants attached to the 40,000 shares of \$3.00 Cumulative Preferred Stock. If all of the Warrants are exercised, the maximum amount received by the Company upon such sale will be \$450,000.

(5) To be specially offered under contracts of purchase only to certain officers, directors or employees of the Company under the Stock Purchase Plan described under the sub-caption "Stock Purchase Plan". Purchasers thereof may be deemed underwriters to the extent they purchase for resale, in which event the profit would be the excess of the resale price over the purchase price. (1) (6) The cash proceeds to the Company assumes that all 25,000 shares are purchased under the Stock Purchase Plan and paid

The Company is also registering 40,000 shares of Common Stock reserved for issuance upon the exercise of the Non-Detachable Common Stock Purchase Warrants, and the Company is likewise registering an indeterminate number of shares of Common Stock, together with scrip certificates for fractional shares, for issuance in connection with the anti-dilution rights pertaining to the Non-Detachable Common Stock Purchase Warrants.

The 40,000 shares of Preferred Stock with Non-Detachable Common Stock Purchase Warrants and 1,000,000 shares of Common Stock are offered by the Underwriters subject to the terms of the offering set forth herein, to prior sale, to withdrawal, cancellation or modification of the offer without notice, to delivery to and acceptance by the Underwriters, to the approval of legal matters by Messrs. Townsend & Lewis, counsel for the Underwriters, and to certain further conditions.

A list of the Underwriters appears on page 30 hereof, among whom are

Reynolds & Co.

Harriman Ripley & Co.

Eastman, Dillon & Co.

Kidder, Peabody & Co.

Union Securities Corporation

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Laurence M. Marks & Co.

The date of this Prospectus is January 13, 1949

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE PREFERRED STOCK (EITHER WITH OR WITHOUT WARRANTS ATTACHED) AND THE COMMON STOCK AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Company has agreed, upon the request of Reynolds & Co., as Representative of the Underwriters, within two years, to use its best efforts to procure the listing of the Preferred Stock (with or without Warrants attached) and the Common Stock on such National Securities Exchange or Exchanges as the Representative may specify. The Representative has informed the Company that it intends to request the Company to make application to list the aforesaid shares on the New York Stock Exchange within such two year period and as soon as, in the opinion of the Representative, a sufficiently broad distribution of the Preferred Stock (with or without Warrants attached) and the Common Stock has been effected.

The Company will, upon proper application, reimburse holders of shares of the Preferred Stock who are residents of Pennsylvania for personal property taxes assessed in Pennsylvania on such shares not exceeding, in any one year, eight mills on each dollar of assessed value of such shares.

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No dealer, salesman or any other person has been authorized to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offer contained herein; and, if given or made, such information or representations must not be relied upon. This Prospectus is not an offer by the Company or by any Underwriter to sell the above securities in any state to any person to whom it is unlawful for such Underwriter to make such offer in such state. Neither the delivery of this Prospectus nor any sales hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof.

# Affiliated Gas Equipment, Inc.

#### REGISTRATION STATEMENT

Affiliated Gas Equipment, Inc. (hereinafter sometimes called the "Company") has filed with the Securities and Exchange Commission, Washington, D. C., a registration statement (hereinafter, together with all amendments thereto, called the "Registration Statement") under the Securities Act of 1933, as amended, for the registration of (a) 40,000 shares of \$3.00 Cumulative Preferred Stock of the par value of \$50.00 each (hereinafter sometimes called the "Preferred Stock"), (b) Common Stock Purchase Warrants (hereinafter sometimes called the "Warrants") attached at the time of issuance to certificates for the Preferred Stock, entitling the holders thereof to purchase, on or before January 15, 1954, an aggregate of 40,000 shares of Common Stock, of the par value of \$1.00 each (such class of stock being hereinafter sometimes called the "Common Stock"), (c) 1,000,000 shares of Common Stock, (d) 25,000 shares of Common Stock that are reserved for issuance under the Stock Purchase Plan hereinafter described, (e) 40,000 shares of Common Stock reserved for issuance upon the exercise of the Warrants, and (f) such additional indeterminate number of shares of Common Stock and scrip certificates for fractional shares as may be required to be issued in connection with the anti-dilution provisions pertaining to the Warrants.

#### THE COMPANY

Affiliated Gas Equipment, Inc. (hereinafter sometimes called the "Company") was incorporated under the laws of the State of Delaware on August 7, 1948. The Company's principal executive offices are located at 17825 St. Clair Avenue, Cleveland 10, Ohio.

Prior to the completion of the financing contemplated hereby, the Company will have acquired, as of October 31, 1948, all of the assets of three wholly-owned subsidiaries of Dresser Industries. Inc., a Pennsylvania corporation (hereinafter sometimes called "Dresser"); namely, Bryant Heater Company, an Ohio corporation (hereinafter sometimes called "Bryant"). Day & Night Manufacturing Company, a California corporation (hereinafter sometimes called "Day & Night") and Payne Furnace Company, a California corporation (hereinafter sometimes called "Payne"); such acquisition to be in consideration of (a) the issuance by the Company to the three selling corporations of its demand notes in the aggregate principal amount of \$10,870,000, bearing interest at the rate of 4% per annum, and (b) the assumption by the Company of all of the liabilities of the three selling corporations, subject to certain exceptions set forth in the respective agreements of sale described under the caption "Material Acquisitions of Property". The three selling corporations are hereinafter more fully described under the caption "History and Business".

# CAPITALIZATION AND FUNDED DEBT

The capitalization of the Company and its funded debt, as of October 31, 1948, and as adjusted to give effect to (a) the amendment of its Certificate of Incorporation, effective January 10, 1949 authorizing 40,000 shares of \$3.00 Cumulative Preferred Stock, of the par value of \$50 per share, (b) the borrowing of \$4,000,000 pursuant to the Term Loans referred to herein under the caption "Description of Funded Debt", and (c) the present financing, are as follows:

	October	31, 1948	Adjusted as a	bove stated
Title of Issue	Authorized	Outstanding	Authorized	Outstanding
4% Fifteen-Year Term Loans		_	\$4,000,000	\$4,000,000
\$3.00 Cumulative Preferred Stock (Par Value \$50)		_	40,000 Shs.	40,000 Shs.
Common Stock (Par Value \$1)	2.000.000 Shs.	_	2,000,000 Shs.* 1	.000,000 Shs.**

* Of this amount (a) 25,000 shares are reserved for sale to officers, directors or employees of the Company, as more fully set forth under the sub-caption herein entitled "Stock Purchase Plan", (b) 40,000 shares are reserved for issuance upon the exercise of the Common Stock Purchase Warrants, and (c) an additional indeterminate number of shares are reserved for issuance in connection with the anti-dilution provisions pertaining to the Warrants.

*Does not reflect the issuance of any of the 25,000 shares reserved for sale to officers, directors or employees.

The Transfer Agent for the \$3.00 Cumulative Preferred Stock and the Common Stock and the Agent for the Warrants is The New York Trust Company, 100 Broadway, New York 15, New York, and the Registrar is Bankers Trust Company, 16 Wall Street, New York 15, New York.

# APPLICATION OF PROCEEDS

The estimated net proceeds to the Company from the sale of 40,000 shares of the Preferred Stock with non-detachable Warrants and 1,000,000 shares of the Common Stock, after deduction of the expenses of the Company in connection with such offering, estimated at \$106,130, and the underwriting discounts or commissions set forth on the cover page of this Prospectus, will be \$9,763,870. The net proceeds received by the Company will be applied on account of the payment of the demand notes for an aggregate sum of \$10,870,000, to be executed and delivered by the Company to Bryant, Day & Night and Payne, as consideration for all of the assets of Bryant,

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Day & Night and Payne. (For particulars as to the time of delivery, payment date and the respective amounts of the notes to be delivered to the selling corporations, reference is made to the caption "Material Acquisitions of Property".)

As described under the caption "Description of Funded Debt", the Company has completed arrangements to sell, by private placement, to insurance companies an issue of fifteen-year notes in the aggregate principal amount of \$4.000,000, with interest at the rate of 4% per annum. The proceeds to the Company of such term loans will be used for the following purposes:

- (a) Approximately \$1,250,000 will be applied towards the payment of the aforesaid notes made and delivered by the Company in connection with the purchase of all of the assets of Bryant, Day & Night and Payne,
- (b) Approximately \$1,000,000 will be used during the next twelve months to finance the capital expenditures of the Company, and
- (c) The remaining approximately \$1,750,000 will be used for working capital and for general corporate purposes, including the repayment to Dresser of borrowings by Day & Night and Payne amounting in the aggregate to \$800,000. (The aggregate amount of these borrowings at October 31, 1948, was \$1,600,000, which sum has been reduced to \$800,000 by payments aggregating the same amount.)

Except as above set forth, it is not possible at this time to state what proportions of the proceeds of the term loan will be used for the respective purposes above mentioned.

Assuming that all 25,000 shares of Common Stock of the Company to be offered pursuant to the Stock Purchase Plan described under the sub-caption herein bearing that title are purchased, at their initial offering price of \$8.00 per share, the aggregate initial payments (1/10th) will be \$20,000 and, over a period of ten years, their aggregate purchase price will amount to \$200,000. The net proceeds to be derived from the sale of any of these shares are to be used as additional working capital.

Any proceeds received by the Company through the issuance of all or any part of the 40,000 shares of Common Stock at \$11.25 per share upon the exercise of the Warrants attached to the Preferred Stock shall, to the extent permissible by law, be applied by the Company to the purchase or redemption of the Preferred Stock.

The Company reserves the right to vary or change any of the foregoing purposes or amounts, if it appears, in the opinion of the management, in its best interests to do so.

#### HISTORY AND BUSINESS

The three corporations, Bryant, Day & Night and Payne, whose business and properties are to be acquired by the Company upon the completion of the financing contemplated hereby, are at present wholly-owned subsidiaries of Dresser. These corporations have been and are now engaged primarily in the business of manufacturing and selling gas heating equipment, water heaters, water coolers, and allied miscellaneous products used by the gas heating industry for the residential, commercial and industrial markets. It is the intention of the Company to continue such business and to expand into the production and sale of similar equipment using allied fuels.

The Company contemplates the operation of the respective businesses presently conducted by the three corporations on the basis of each unit retaining and continuing the use of its trade name, trade marks and trade relations. Since the plan contemplates the retention by the Company of the services of the executive and other personnel of the three corporations, no interruption in the continuity of present business operations is expected.

In effect, the acquisition by the Company of the business and properties of the three corporations will achieve the independent operation of the three business enterprises as an integrated group. This will be the logical outgrowth of the recent expansion of the business and markets of the three corporations and of the substantial similarity of their operating problems.

Although the over-all management policy governing the operations of the three corporations has been such as to permit each to exercise a substantial degree of autonomy in its individual operations, such policy has not resulted in the integration of their management and operation to the point where any of the corporations avails itself, to any substantial extent, of the manufacturing and other facilities of the others. The management of the Company proposes to avail itself of the opportunity to improve flexibility in the untilization of the manufacturing facilities of the three corporations which, in the opinion of the management, are well located throughout the country and serve national market areas. In this way, products of one unit may be produced in certain plants of the other two units, as market conditions and other considerations might warrant, which it is believed will result in freight savings and improved inventory management.

The problems of engineering and design, production, sales distribution, advertising to national markets are common to Bryant, Day & Night and Payne. By the integration of the businesses of these corporations into the Company, these problems should receive closer control and coordination than has been possible heretofore.

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The following summary of combined earnings, submitted as a matter of historical record, of Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company has been compiled from financial statements which have been examined by Messrs. Ernst & Ernst for (1) the periods from January 1, 1939 to October 31, 1948, with respect to Bryant Heater Company, (2) the periods from January 1, 1945 to October 31, 1948, with respect to Day & Night Manufacturing Company, and (3) the periods from February 1, 1945 to October 31, 1948, with respect to Payne Furnace Company. Such summary, for said periods, has been reviewed by Messrs. Ernst & Ernst, and is included in this Prospectus in reliance upon the accompanying report of that firm given on the authority of that firm, as experts in auditing and accounting. The summary of combined earnings, for the aforementioned companies for periods not hereinbefore referred to, has been prepared from financial statements of such companies, or was compiled from records of such companies. This summary for the period of three years ended October 31, 1948, is subject to and should be read in conjunction with the financial statements and the notes thereto, all of which are hereinafter included in this Prospectus.

In the preparation of the following summary allocation has been made, to the years affected, of certain adjustments which were previously reflected in earned surplus in the period in which determined.

Year (Note A)	Net Sales (Notes B and C)	Cost of Goods Sold . (Note B)	Selling, Engineering, General and Administrative Expenses	Deproclation and Americation Included in Costs and Expenses (Note D)	Interest	Other Income or Deductions ^o — Net	Profit or Loss Before Federal Taxes en Income	Federal Taxes on Income	Net Profit or Loss
1936	\$ 3,481,708	\$ 2,229,618	\$ 906,140	\$ 55,146	\$ 40,999	\$ 2,071*	\$ 302,880	\$ 56,809	\$ 246,071
1937	4,610,013	3,222,164	1,122,347	71,507	57,428	8,705	216 <i>7</i> 79	32,375	184,404
1938	4,018,777	2,857,080	1,177,943	79,249	59,822	5,120	70,948†	8,159	79,107†
1939	4,790,730	3,336,338	1,142,195	77,973	34,737	12,273	289,733	43,124	246,609
1940	. 5,553,392	3,911,988	1,190,088	78,459	15,249	18,685	454,752	139,036	315,716
1941	. 6,915,974	4,882,645	1,254,366	103,351	19,202	60,099*	699,662	374,987	324,675
1942	. 13.359.382	11,148,408	851,815	108,802	79,751	9,479	1,288,837	804,901	483,986
1943	. 37,411,099	32,751,342	1,299,759	131,432	248,008	1,212*	3,110,778	2,240,868	869,910
1944	22 000 000	29,059,483	1,723,974	133,175	200.868	53,559	2,875,890	2,091,074	784,816
1945	. 33,639,636	26,788,305	2,393,627	129,163	130,257	22,480	4,349,927	3,098,256	1,251,671
1946	. 17.570,759	14,050,974	2,683,052	136,230	25.632	191,997	1,003,023	365,370	637,728
1947	. 23,949,678	16,961,470	3,671,794	221,980	13,441	35,338	3,338,311	1,447,771	1,890,540
1948	. 29,171,260	20,910,618	4,685,359	292,828	86,385	127,604	3,616,502	1,370,188	2,246,314 (Note E

^{*} Indicates red figures. † Indicates loss.

Note A.—The periods included for the various companies, in the foregoing summary of combined earnings are as follows: (1) Bryant Heater Company: Years ended December 31, 1936 to December 31, 1940, inclusive, period of ten months ended October 31, 1941, years ended October 31, 1942 to October 31, 1948, inclusive; (2) Day & Night Manufacturing Company: Years ended December 31, 1936 to December 31, 1944, inclusive, period of ten months ended October 31, 1945, years ended October 31, 1946 to October 31, 1948, inclusive; (3) Payne Furnace Company: Years ended March 31, 1937 to March 31, 1944, inclusive, period of ten months ended January 31, 1945, years ended October 31, 1945, years ended October 31, 1945, with respect to Payne Furnace Company, represent the operating results of Payne Furnace & Supply Company, Inc., predecessor company.

Note B-Reference is made to Note D to the financial statements relative to inter-company sales.

Note C—Sales during the war period resulted principally from war business. In this connection, reference is made to the Prospectus under the caption "War and Reconversion". Sales for the year 1946 include the settlement of termination claims in the aggregate amount of \$3,656,231.

Note D-As indicated in Note (1) to the proposed transactions given effect to in the pro forma balance sheet hereinafter included in this Prospectus, the excess of \$755,271 of the purchase price over the carrying amount of net assets acquired will be allocated to property, plant, and equipment accounts. Consequently, the annual provisions for depreciation, based on the adjusted carrying amounts for property, plant, and equipment as of October 31, 1948, will aggregate approximately \$370,000.

Note E — The charges (net of the effect of federal taxes on income) included herein for overall management services of Dresser Industries, Inc. are as follows: 1943—\$42,504; 1944—\$70,407; 1945—\$89,040; 1946—\$153,224; 1947—\$202,120. Such charges to these companies were discontinued as of October 31, 1947. During part of the year 1948, payments for overall management services were made by the three companies, which payments were refunded by Dresser Industries, Inc. prior to October 31, 1948. If charges for overall management services for the year 1948, had been made on the same basis as for preceding years, they would have aggregated approximately \$350,000 or \$217,000 after federal taxes on income, and the net profit for that year would have been reduced accordingly. It is anticipated that expenses of an amount less than the aforesaid charges for 1947 or the amount for 1948 referred to in the preceding sentence will be incurred by Affiliated Gas Equipment, Inc. (new company) for similar services during its first fiscal year.

Note F-During the period from December 31, 1943 to October 31, 1946, Day & Night Manufacturing Company had a wholly-owned subsidiary which was dissolved as of the latter date. The accounts of such subsidiary have been consolidated in the foregoing tabulation with those of Day & Night Manufacturing Company for such period.

Note G-The annual dividend requirement on the 40,000 shares of \$3.00 Cumulative Preferred Stock, and the annual interest requirement on the 4% Fifteen-Year Term Loan, to be outstanding at the completion of this financing and related transactions, will amount to \$120,000 and \$160,000, respectively. Such annual requirements will be reduced, in the event of the redemption of shares of Preferred Stock or payments on account of the principal amount of the Notes evidencing the Term Loan, by amounts proportionate to the number of shares of Preferred Stock redeemed or the amount of principal paid on such Notes.

Note H—The amount that would have been available for distribution for the year 1948 under the incentive compensation plan recently adopted by Affiliated Gas Equipment, Inc. (new company) amounts to \$248,100 as compared to the aggregate amount of \$239,400 available for distribution (\$224,932 actually paid) under the plans in effect at October 31, 1948.

#### Dividende

Subject and subsequent to the sale by the Company of the 40,000 shares of Preferred Stock with Warrants attached and the 1,000,000 shares of Common Stock offered by this Prospectus, and subject to funds being lawfully available therefor, the Board of Directors of the Company will declare a dividend of 22½¢ per share on the Common Stock, payable on April 1, 1949, to the holders of record on March 15, 1949. Funds lawfully available for the payment of this dividend will, in the opinion of Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, counsel for the Company, be the sum of (a) the Company's net income, if any, from February 1 to April 1, 1949, after deducting the first quarterly dividend on the Preferred Stock of \$30,000, (b) \$500,000 and (c) the aggregate net consideration, if any, received by the Company from the issue or sale subsequent to February 15, 1949, of shares of Common Stock. (For further details as to funds lawfully available for dividends on the Common Stock, reference is made to the subheading "Dividends" under the description of the Preferred Stock contained in the caption "Description of Capital Shares" and to the caption "Description of Funded Debt.")

On the date of the declaration of the proposed Common Stock dividend, the Company will have little or no earned surplus and, to the extent that there is not sufficient earned surplus to cover the dividend on the payment date thereof, the excess of the amount of the dividend over the amount of earned surplus available therefor will be paid out of capital surplus and, to that extent, will represent a return of capital.

It is the intention of the Board of Directors that the Company shall pay quarterly dividends on the Common Stock thereafter, if the net earnings, general affairs and financial condition of the Company and general economic and other pertinent conditions warrant the same; but the amount of such dividends, if any, will depend upon the net earnings of the Company at the time of its declaration and upon other factors not presently determinable.

#### Bryant Heater Company

This corporation was incorporated in Ohio in 1933 and succeeded a similar business founded in 1908. It became a wholly-owned subsidiary of Dresser in 1933.

Bryant was a pioneer in the development of gas-fired heating equipment and at the present time its line of gas fired equipment (heating and water heaters) is the most complete in the industry.

Since 1933, Bryant has been engaged principally in the manufacture of gas-fired boilers, furnaces, unit heaters and conversion burners. Its line of gas, electric and oil water heaters was introduced in 1946. A new "all weather" air conditioner and a new gas-fired wall furnace have been developed and are now being placed in production, and satisfactory development progress has been made on a complete line of oil-fired heating equipment.

Bryant has its principal office and operates two plants in Cleveland, Ohio, and operates another plant at Tyler, Texas. In addition, Bryant utilizes facilities of two other plants in central Ohio on a sub-contracting basis. Finished products from these plants represent approximately 24% of Bryant's sales during the fiscal year ended October 31, 1948. In these sub-contracting operations, Bryant provides the sub-contractor with tools and dies and practically all of the raw materials and parts used in manufacturing finished products. No formal agreements exist between Bryant and these sub-contractors, but purchase orders for the products are placed with the sub-contractors by Bryant, from time to time, covering from 60 to 90 days' requirements. This policy has made possible the expansion of sales without heavy investment by Bryant in plant and equipment, and has also helped to avoid the concentration of production in the Cleveland area.

Bryant products are distributed nationally through approximately thirty-five independent distributors and through seven factory branch sales offices, located in key cities. Approximately 10% of the total of Bryant's sales for the fiscal year ended October 31, 1948, is represented by water heaters sold to a single nationwide distributor under the latter's brand name. These heaters differ somewhat from Bryant's regular lines of products.

During the fiscal year 1948, a price increase in Bryant products, averaging about 5%, was made effective.

Bryant maintains a competent engineering and research staff of 37 persons. Its engineering and research efforts are directed toward (a) improvement and cost reduction of existing products; (b) development of new products; and (c) basic research in combustion and heating problems.

In recent years, Bryant's policy has been to expand its activities through the addition of allied products such as water heaters, space heaters, steel furnaces and oil-fired equipment. However, much of the benefit to be expected from this expansion program as well as from the growing market demand for its primary products has been postponed because of limitations on the use of gas as fuel in certain important areas which are referred to on page 9 of this Prospectus.

Day & Night Manufacturing Company

This corporation was incorporated in California in 1923 and succeeded a similar business founded in 1908. It has been a subsidiary of Dresser since April 1945. Its main office and plant are at Monrovia, California.

Day & Night has manufactured gas-fired water heaters for 39 years, water coolers for 18 years and space heaters for 10 years. Six years ago, Day & Night introduced a new type radiant gas-fired wall furnace which it markets under the trade name "Panelray" and which has become a major addition to its line.

Day & Night's products are sold primarily in the Western and Southern areas of the United States.

All sales of Day & Night products in the United States are made through wholesale plumbing jobbers, with the exception of those in Metropolitan Los Angeles, where sales are through dealers. In all states other than California, its wholesale jobbers serve as exclusive distributors in a definite marketing area. In California, sales are made to several jobbers in each marketing area.

Day & Night has a completely equipped laboratory and model shop, and directs its research program toward a broadening of its line of products and the improvement of the products presently manufactured.

At present, Day & Night is placing on the market an entirely new line of domestic water heaters and a new overhead Panelray space heater. It expects to introduce within the next few months a new water heater in the low priced field, new designs of industrial water heaters and new designs of its space heaters and water coolers.

Day & Night placed into effect, during the fiscal year 1948, minor price increases on specific items, none of which exceeded 10%.

#### Payne Furnace Company

This corporation was incorporated in California in 1945 and succeeded a similar business founded in 1914. It has been a wholly-owned subsidiary of Dresser since February, 1945. Its main office and plant are at Beverly Hills, California.

Payne manufactures a line of various types of gas-fired furnaces, space heaters and evaporative coolers. With the exception of evaporative coolers which were introduced by it in 1948, Payne has been manufacturing these products for many years.

Payne merchandises its products in that part of the country west of the Mississippi River, particularly Southern California, and also in the southern states.

Practically all of Payne's sales are made to dealers, wholesale distributors and utility companies. In Southern California, this sales program is supplemented by sales made through branches of Payne's Retail Division.

Payne placed into effect, during the fiscal year 1948, price increases on certain of its products ranging from 5% to 10%.

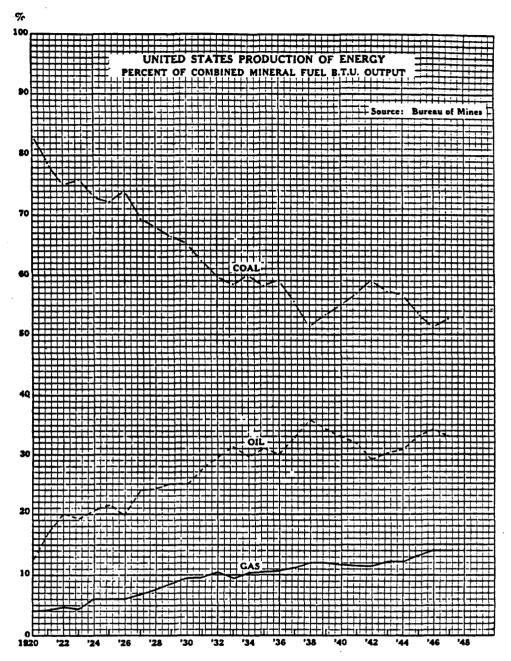
Payne maintains a competent engineering and research organization. Its research efforts are directed toward the improvement of its present products and the development of new products. A new forced-air wall heater, known as the "Panelair" was placed on the market by this corporation in February 1948 and it placed a line of Console Heaters on the market in 1947. A new line of central furnaces is now in production. It is expected that a new floor furnace and a new line of forced-air furnaces for installation in attics and other confined spaces will be introduced by Payne in the next few months.

#### The Heating Industry

The products of the domestic heating industry fall largely within two broad equipment classifications: central and non-central heating equipment. Central heating equipment consists of furnaces, boilers and conversion burners. Non-central heating equipment consists of floor furnaces, wall furnaces, space heaters and similar units designed to heat one or more rooms rather than the entire residence and unit heaters for commercial and industrial installations. According to a survey made by the U. S. Bureau of Census in April 1947, central heating accounts for 48%, and non-central heating for 52%, of all heating installations in the United States.

Coal, oil and gas are the principal fuels used in the heating industry. The availability and competitive price position of these fuels vary throughout the country.

The trend of the relative B. T. U. output of mineral fuels in the United States, during the period 1920 through 1947, according to data published by the U. S. Bureau of Mines is illustrated by the following chart:



The market for domestic heating equipment derives largely from new residential construction and replacement sales, which involve the conversion from one type of fuel to another, the replacement of existing equipment, the installation of automatic equipment, and, to a lesser degree, the conversion to central heating.

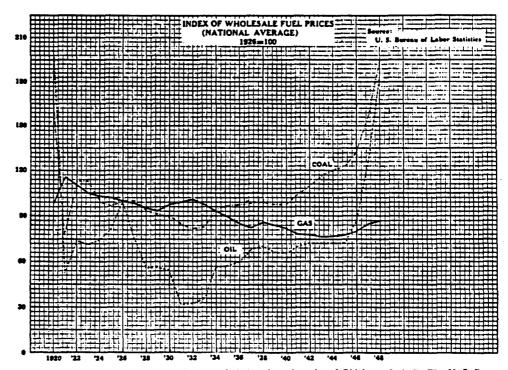
Of primary importance to the current and future activities of the Company are the developments which have taken place within recent years in respect to the utilization and competitive costs of coal, oil and gas for residential heating.

While cost comparisons on a thermal equivalent (B.T.U.) basis vary by locality and grade of fuel, the relative change in the cost of gas, fuel oil and coal, as shown by the U. S. Bureau of Labor Statistics Index of Wholesale Fuel Prices is as follows:

Fuel	1926	1948*
Gas (Natural and Manufactured)	100	86.9
Oil (Oklahoma Fuel Oil)**	100	181.7
Coal (Bituminous)	100	194.5

^{*} August 15, 1948.

The trend of the relative wholesale prices for gas, oil and bituminous coal in the United States, during the period 1920 through 1947, according to data published by the U. S. Bureau of Labor Statistics is illustrated by the following chart:



Note—Oil, as represented on the above graph, is based on the price of Oklahoma fuel oil. The U. S. Bureau of Labor Statistics indices for Oklahoma fuel oil for the periods from 1920 through 1938 and from 1938 to 1948, respectively, are based on two different grades of oil. For the purpose of the above graph, appropriate adjustment for this variance has been made on the basis of the respective prices for such grades in 1938.

Inability to expand transmission facilities from the gas producing areas rapidly enough to keep pace with the increasing demand has resulted in a shortage in the supply of natural gas in the East and Middle West. This shortage has restricted severely the sales of gas fired heating equipment since 1946 in these areas. The restrictions on the sales of equipment vary by state and region. While, generally, no restrictions are imposed upon the replacement of existing residential gas facilities, conversion to gas from another fuel has been prohibited in certain areas. The gas supply in some restricted areas has already begun to improve as additions and expansions in gas transmission facilities have been made. This trend is expected to show progressive improvement as further additions to and expansions in gas transmission facilities are completed. A bulletin of the Gas Appliance Manufacturers Association dated July 16, 1948 reports that: "It is interesting to note that, during the period of July 1, 1945, to May 15, 1948, the Federal Power Commission authorized construction which included 10,168 miles of natural gas pipe line. On May 15, 1948, there were, pending the hearing of the Federal Power Commission. applications which involved the laying of 13,515 miles of pipe lines; thus the total mileage approved and pending on May 15, 1948, totaled 23,683 miles of natural gas pipe line. This total construction would cost more than \$1,418,000,000 and would require over 5,480,000 tons of pipe."

The shortage of manufactured gas has caused restrictions in some areas and projects are under way in many of these areas to expand manufactured gas capacity and to utilize natural gas as the latter becomes available upon completion of new gas transmission pipe lines.

^{**} The U. S. Bureau of Labor Statistics indices for Oklahoma fuel oil for 1926 and 1948, respectively, are based upon two different grades of oil. For the purpose of the above table, appropriate adjustment for this variance has been made on the basis of the respective prices for such grades in 1938.

The following tabulation, based on data in the January, 1948, issue of the trade paper "Fueloil and Oil Heat" shows a comparison of the number of units of automatic heating equipment sold in the years 1941 and 1947:

	Year 1941	Year 1947	Percent Increase 1947 over 1941
Gas	136.385	302,000	121%
Coal (Stokers)	198,243	84.661	(57)*
Oil	333,250	820,923	146

• Indicates decrease.

Data on automatic central heating equipment is not, of course, indicative of total unit sales of heating equipment.

The following tabulation, based on data contained in U. S. Department of Commerce publications, shows unit sales of space heaters (non-central), excluding floor furnaces:

	12 Months Ended	12 Months Ended	Percent Increase
	June 1941	December 1947	1947 Over 1941
Coal and Wood Gas	1,308,000	1,338,000 2,661,000 2,422,000	(29) %* 103 121

^{*} Indicates decrease

#### Raw Materials and Parts

Bryant, Day & Night and Payne buy the raw materials which are processed in their own plants, including sheet steel and aluminum sheets, and also buy finished and semi-finished parts, including castings of various types and necessary fittings and valves. The major items of standard manufacture normally purchased in finished form include electrical controls, thermostats and electric motors. Athough the flow of these materials was spasmodic and unreliable in 1946 and 1947, the principal remaining item which is difficult to obtain is steel.

None of the three corporations operates a foundry and therefore all castings are purchased from outside sources.

During each of the past three fiscal years, purchases from any one supplier have been less than 10% of the combined enterprise's aggregate purchases of raw materials and parts.

#### Description of Products and Glossary of Terms

The following definitions are given for better understanding of the Company's products and are not necessarily those of the heating industry:

Gas Fixed Boiler: A central unit fired by gas to heat water or generate steam in cast-iron boiler sections for a heating system using radiators, convectors or radiant heating and distributing such hot water or steam by means of pipes throughout the building.

Gas Fired Central Furnaces: A central heating unit fired by gas supplying heated air by gravity or forced circulation to a distribution system using sheet-metal ducts to registers throughout the building. The combustion chambers for such units are either cast iron or steel.

Gas Fired Unit Heaters: A gas-fired unit which supplies forced heated air directly to the space in which it is placed without the use of ducts for distribution. Such units are usually suspended from the ceiling in the space to be heated.

Water Heaters: The automatic storage type using gas, oil or electricity for heating water.

Gas Fired Conversion Burners: A gas-fired burner for installation in a coal or oil boiler or furnace to convert such boiler or furnace to automatic gas heat.

Gas Fixed Floor and Wall Furnaces: Two types of furnaces usually installed for limited area heating without the use of a duct system for the distribution of heated air. The floor furnace is placed below the floor level with a register in the floor through which the heated air enters the space. The wall furnace is affixed to the wall above the floor level with the heating surface exposed to the area to be heated.

Gas Fired Space Heaters: Portable self-contained gas-fired units used to heat a limited area. The unit is so constructed that it is placed upon the floor and unconnected to the building except for a gas connection and in some cases a flue outlet.

#### Sales by Products

The following table lists the materially important lines of products manufactured and sold by Bryant and Day & Night during the calendar year 1940, by Payne during the fiscal year ended March 31, 1941 (included below in the column headed "1940"), and by all three corporations during the twelve months ended October 31, 1946, 1947 and 1948 (included below in the columns headed "1946", "1947" and "1948", respectively). The table also shows the respective percentages of the sales of such lines to the total sales of the combined enterprise in each such period. No figures are shown for the years 1941 through 1945, inclusive, inasmuch as a substantial portion of the combined output of the three corporations during that period was devoted to war work.

Lines of Products	1940	1946	1947	1948
Gas Fired Boilers	8%	8%	10%	10%
Gas Fired Central Furnaces	34*	20	17	16
Gas Fired Unit Heaters	6	4	9	10
Gas. Electric and Oil Water Heaters	19	22	25	23
Gas Fired Conversion Burners	2	11	3	2
Gas Fired Floor and Wall Furnaces	10	17	19	24
Gas Fired Space Heaters	3	1	2	1
Miscellaneous Products and Parts	18	. 17	15	14
Total	100%	100%	100%	100%

* In 1940 Payne produced a substantial amount of heavy heating equipment for military camps which accounts for the abnormally high percentage of central furnace sales in that year.

#### War and Reconversion

After the entry of the United States into the Second World War, Bryant, Day & Night and Payne devoted the major portion of their plants and equipment to the production of material, parts and equipment needed by the Armed Forces, although they were able to continue the manufacture of their normal products on a limited basis. By the addition of some new equipment and the extensive use of subcontractors these corporations made a substantial contribution to the war effort.

Bryant's war contracts provided for the production of volute spring suspension assemblies for medium tanks for the Army and bogic wheel assemblies for LVT landing craft for the Navy.

Day & Night formed a wholly-owned subsidiary, Day and Night Flare Corporation, on December 31, 1943, to carry on the work on certain war contracts. This subsidiary was engaged 100% in war production until it was liquidated into Day & Night, as of October 31, 1946, at which time all of its war contracts were completed. Day & Night and its subsidiary produced shells for chemical mortars for the Chemical Warfare Service, rockets for the Navy and motor mounts for the Air Corps.

Payne's production was principally for the photography section of the Air Corps, and generally involved sheet metal work. Payne did not begin production of strictly war-time products until late in 1942. In 1940 and 1941 Payne produced a substantial amount of heavy heating equipment for military camps.

With the exception of Payne's manufacture of this heating equipment, all of the war-time products produced by Bryant, Day & Night and Payne were dissimilar to their peace-time products and required different types of manufacturing operations. Bryant, Day & Night and Payne have settled their claims under all war contracts, and reconversion to peace-time operation has been completed.

At the present time Bryant, Day & Night and Payne have no government contracts in any substantial amount.

# Competition and Position in Industry

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There are many other manufacturers engaged in essentially the same type of business as Bryant, Day & Night and Payne and the pre-war experience of the industry indicates that competition is keen. However, the three Corporations (below referred to as the "combined enterprise") have been able to achieve a substantial growth and the Company intends to continue efforts in this direction. As an indication of the relative growth of the combined enterprise and the industry in respect to major products for representative periods reference is made to the following tabulation:

#### SCHEDULE SHOWING COMPETITION AND POSITION IN INDUSTRY'

					Partial Years	
		Fiscal Years Ended October 31st		1946 Nov. 1, 1945 to	1947 Nov. 1, 1946	1948 Nov. 1, 1947
		1946	1947**		July 31, 1947‡	July 31, 1948;
Boilers (gas)	—Combined Enterprise —Industry (1)	100.0	243.8 214.4	100.0 100.0	311.6 334.4	337.1 237.9
Central Furnace		100.0	617.7	100.0	334.4	237.9
(gas)	-Combined Enterprise -Industry (2)	100.0 100.0	145.8 137.2	100.0 100.0	154.0 178.5	147.2 137.4
Water Heaters		100.0	107.2	100.0	1,0.5	457.4
oil, electric)	-Combined Enterprise -Industry (3)	100.0 100.0	193.5 198.4	100.0 100.0	198.3 226.9	252.2 200.4
Unit Heaters						200.1
(gas)	-Combined Enterprise Industry (4)	100.0 100.0	390.5 217.5	100.0 100.0	242.8 192.8	526.0 295.6
Floor & Wall I						
(gas)	-Combined Enterprise -Industry (4)	100.0 100.0	197.6 213.3	100.0 100.0	194.1 248.8	287.0 220.0
Conversion Bus						
(gas)	-Combined Enterprise -Industry (1)	100.0 100.0	40.8 43.5	100.0 100.0	45.6 64.9	28.2 18.7
Total of Above						
	—Combined Enterprise —Combined Industry	100.0 100.0	176.6 177.5	100.0 100.0	173.9 <b>20</b> 9.9	219.7 182.0

Reference is made to "Lines of Products" tabulation on page 11 hereof for the respective percentages of sales of materially important lines of products manufactured and sold by total sales of the combined enterprise in the respective periods covered.

Sources: (As reported by published bulletins and monthly reports)

(1) Gas Appliance Manufacturers Association
(2) U. S. Dept. of Commerce, Bureau of Census—Facts for Industry: Series M51C
(3) Includes gas underfired, oil underfired and electric storage:

gas underfired and oil underfired from U. S. Dept. of Commerce, Bureau of Census—Facts for Industry: Series M51F; electric storage from Facts for Industry Series M51F; through the fiscal year ended October 31, 1948.

(4) Includes oil and gas unita—from Facts for Industry Series M51C

ended October 31, 1948

(4) Includes oil and gas units—from Facts for Industry Series M51C

No reliable and complete source of information is available as to the relative competitive positions of the combined enterprise and of other manufacturers in the same industry. The Company believes, however, that the combined enterprise constitutes one of the largest producers in the United States of gas-fired heating equipment and water heaters (gas, electric and oil) and that it has the most complete line of products in this field.

The major market for the products of the combined enterprise is in residential housing. Approximately 90% of the sales of the combined enterprise are for use in domestic dwelling units and it is believed that, in the last two and one-half years, most of these sales have gone into new housing units. Various estimates have been made as to the unfulfilled housing requirements of the United States, all of which appear to indicate a substantial need for further new residential buildings. However, because of the restrictions on the use of gas in many areas of the country, the full market for heating equipment in the present building program is not available.

During the period before the last war a large portion of the sales were made for replacement purposes. As previously described, restrictions on the use of gas have retarded the installation of gas fuel equipment as a replacement for equipment using other fuels. • The apparent effect of these restrictions is to accumulate a substantial backlog of demand for new and replacement business for the gas heating industry which should materialize into sales as these restrictions are removed.

The non-residential market of the three corporations is principally in the sales of equipment for the purpose of heating commercial and industrial buildings.

During each of the past three fiscal years less than 10% of the total sales of the combined enterprise has been to any one customer.

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The business of Bryant, Day & Night and Payne is not dependent upon patent protection, but patents frequently have served to improve competitive position, particularly in the initial stages of marketing certain products.

#### **Employee Relations**

The aggregate employment of Bryant, Day & Night and Payne, exclusive of officers. as of October 31, 1948, was approximately 1,800 persons, of whom approximately 1,225 were non-

^{**} Computed on year ended October 31, 1946, as base.

[#] Computed on period November 1, 1945, to July 31, 1946, as base.

[†] The gas conversion burner is the product most adversely affected by the restrictions on the replacement of other types of heating with automatic gas heating.

^{††} The above products represent approximately 80% of the total heating and water heater sales of the combined enterprise for the fiscal year ended October 31, 1946.

supervisory production employees. It is estimated that there will be no material change in these employment figures during the next six months, except for normal seasonal lay-offs affecting approximately 300 employees.

The production employees of Bryant in its Cleveland plants are represented by a local union of U.A.W.-C.I.O. for collective bargaining purposes. The agreement now in effect between Bryant and the union will remain in force to May 4, 1949 and thereafter from year to year, unless and until either party shall indicate its desire to terminate, change or amend the contract, by the delivery to the other of written notice not less than 60 days prior to the expiration date or at the end of any subsequent yearly period.

The employees of Bryant at its Tyler, Texas plant are represented by a local union of the U.A.W.-C.I.O., and the initial contract between Bryant and this union will remain in effect until September 2, 1949 and yearly thereafter, unless and until either party shall indicate its desire to terminate, change or amend the contract, by the delivery to the other of written notice not less than 60 days prior to the expiration date or at the end of any subsequent yearly period.

The production employees at Payne are represented by two local unions of the Sheet Metal Workers International Association, A. F. of L. Contracts are now in effect between Payne and these unions. One contract will remain in effect until March 31, 1949 and yearly thereafter, unless and until either party shall indicate its desire to terminate, change or amend the contract by the delivery to the other of written notice not less than 30 days prior to the expiration of any yearly period subsequent to March 31, 1949. The other contract will remain in effect until April 25, 1949 and yearly thereafter, unless and until either party shall indicate its desire to terminate, change or amend the contract, by the delivery to the other of written notice not less than 60 days prior to the expiration date or at the end of any subsequent yearly period.

Copies of the four union contracts hereinabove referred to under this caption have been filed as Exhibits to the Registration Statement and reference is made to such Exhibits for full statements of the terms and provisions of such agreements. The foregoing information as to such terms and provisions is qualified in its entirety by such reference.

On the basis of an estimated total annual payroll of approximately \$2,868,000 for Bryant, Day & Night and Payne, the wage increases negotiated and put into effect in the fiscal year ended October 31, 1948, pursuant to the aforesaid union contracts, would amount annually to \$70,000, or 2.4% of such estimated annual payroll.

Employees of Day & Night are not represented by any labor organization.

Generally, relations between Bryant, Day & Night and Payne and their respective employees have been satisfactory and there have been no strikes or work interruptions for the past three years.

A group insurance plan, providing life insurance, sickness and accident benefits, hospitalization and non-occupational death and dismemberment indemnities to employees, is in effect at Bryant, Payne and Day & Night. The plan is available to all employees after a probationary period and the corporations and their participating employees contribute to the cost thereof. It is anticipated that the Company will continue the same plan with an insurance company. The total cost to the three corporations under the plan for the fiscal year ended October 31, 1948 was approximately \$1,950.

Salaried employees of the three corporations earning \$3,000 or more per annum have been eligible to participate in the pension plan of Dresser. The plan was offered to eligible employees after three years employment. It provides for retirement at age 65. The corporations and their participating employees have contributed to the cost of the plan. The maximum annuity payable to any officer or employee is \$12,000 per annum. The Dresser plan has been approved by the Treasury Department for tax deduction purposes and is insured by the John Hancock Mutual Life Insurance Company. With respect to any one employee, the annual current service cost of each corporation is that actuarially determined amount which, together with the employee's contribution, will purchase an annual annuity equal to three-tenths of such employee's contribution. It is anticipated that the Company will continue the same plan with an insurance company and the benefits already accruing to the participating employees of Bryant, Day & Night and Payne will be transferred under the plan to be adopted by the Company. The total expense applicable to the three corporations under the existing plan for the fiscal year ended October 31, 1948 was \$51,480. The aggregate amount of unpaid costs of past service benefits under the existing and the proposed plans is estimated to be \$54,000 and is payable in annual installments of approximately equal amounts during the next six years.

No forecast is made in this Prospectus as to the possible effect on the business and earnings of the Company of changes in general economic, industrial and international conditions or in legislation or governmental regulations affecting its business and operations, the Company believing that these matters cannot accurately be forecast.

Attention is called to the following factors which, among others, might in the future affect the business and earnings of the Company: Availability of and increase or decrease in the use of natural or manufactured gas for heating purposes; the relative costs of fuels such as gas, oil and coal; increase or decrease in residential building construction; increase or decrease in the use of automatic air conditioning equipment; labor disturbances or labor shortages; and changes in tax rates or in price or production costs.

#### THE PROMOTION OF THE COMPANY

Reynolds & Co., directly or indirectly, took the initiative or was instrumental in the organization of the Company. Accordingly, it may be deemed to be the "promoter" of the Company as that term is defined in the General Rules and Regulations of the Securities and Exchange Commission.

Reynolds & Co., as one of the Underwriters, will receive the respective underwriting discounts or commissions applicable to the Preferred Stock and Common Stock, with respect to the respective numbers of shares of Preferred Stock and Common Stock to be purchased by it. (The amounts of such respective discounts or commissions are set forth on the first page of the Prospectus. The respective numbers of shares of Preferred Stock and Common Stock to be purchased by Reynolds & Co. are set forth under the caption herein entitled "Underwriting Arrangements".) In addition, Reynolds & Co., as compensation for services rendered and to be rendered to the Underwriters, as their Representative, is to receive from each Underwriter amounts equal to 25¢ and 15¢, respectively, per share, on the number of shares of Preferred Stock and Common Stock which each Underwriter has agreed to purchase. Reynolds & Co. will likewise receive from the Company a commission of \$40,000, payable in equal installments, in 1949 and 1950, for services in negotiating the Term Loan referred to under the caption "Description of Funded Debt".

#### MATERIAL ACQUISITIONS OF PROPERTY

The Company has entered into agreements with Bryant, Day & Night and Payne, respectively, for the purchase of all of the assets, property and business of the respective corporations as of the close of business October 31, 1948, subject to the liabilities and adjustments hereinafter described. The respective amounts which the Company has agreed to pay to Bryant, Day & Night and Payne as consideration for such purchases are as follows:

Bryant	\$ 6,100,000 2,770,000
Day & Night Payne	2,000,000
Total	\$10,870,000

Such payments are to be made in the form of demand notes, bearing interest at the rate of 4% per annum, to be made and delivered by the Company to Bryant, Day & Night and Payne in the foregoing respective amounts.

In addition, the Company has agreed to assume all of the liabilities of each corporation as of the close of business on October 31, 1948, as shown on the Balance Sheet of said corporation as of said date or for which reserves have been set up on said Balance Sheet (provided, however, that liabilities not shown on said Balance Sheet but reserved for shall be assumed only to the extent of the amount of the reserve set up therefor), subject to adjustments resulting from the operations of the respective corporations subsequent thereto and prior to the consummation of the respective purchases and certain exceptions set forth in the agreements of sale.

The physical properties of Bryant, Day & Night and Payne to be acquired by the Company pursuant to the aforesaid agreements are those herein described under the caption "Property". The other assets to be acquired, including cash, securities, notes, accounts receivable, machinery, equipment, inventories and contracts, but excluding patents, trade-marks and trade names, are reflected in the respective Balance Sheets of the selling corporations contained in this Prospectus at pages 42 and 43. The patents, trade-marks and trade names to be acquired from each corporation are listed in schedules annexed to the respective agreements. The assets reflected in the aforesaid Balance Sheets such as cash, accounts receivable and inventories are subject to the adjustments referred to above.

Each agreement contains provisions whereby each selling corporation represents (a) that it has, and will, on the closing date, have, good and merchantable title in fee simple to all of the real estate owned by it, free and clear of all liens and encumbrances, except current taxes and assessments not yet due and payable and except certain easements and restrictions of record which have been disclosed to the Company, and (b) that it has, and will, on the closing date, have, good title to all other property of every class and description owned by it, free and clear of all liens and encumbrances whatsoever.

Each agreement also contains representations and warranties, among others, as to the completeness and accuracy of the information contained in the Balance Sheet of the respective selling corporation and as to the general affairs and financial condition of such corporation.

The obligations of the Company under each agreement are subject to the accuracy of the above-mentioned representations and warranties and to certain further conditions, including (a) the existence of a firm commitment by underwriters to purchase from the Company an issue of 40,000 shares of its \$3.00 Cumulative Preferred Stock with Non-Detachable Common Stock Purchase Warrants and an issue of 1,000,000 shares of its Common Stock at such respective prices as shall not to it not less than \$46.65 per unit of Preferred Stock with attached Warrant and \$8.00 per share of Common Stock, (b) the existence of firm commitment by insurance companies to make to the Company loans aggregating \$4,000,000, (c) the approval by counsel of legalities, (d) there being no materially adverse change, prior to the closing date, in the financial or physical condition of the selling corporation from that reflected in the aforesaid Balance Sheet of such corporation as of October 31, 1948, except loss of or damage to physical properties or the use thereof fully compensable under insurance then in force, and (e) the selling corporation not having entered into any material transactions, between October 31, 1948, and the closing date, excepting those specified in such agreement and those approved by the Company.

In each agreement, the respective selling corporation has agreed to take all necessary action to carry out and complete its voluntary dissolution and liquidation as promptly as reasonably practicable following the closing date and to take such steps as may be necessary to insure the use by the Company of the corporate name of such selling corporation.

The closing date under each agreement is to be fixed by the Company by written notice to the respective selling corporation; provided, however, that the closing date shall in no event be later than February 28, 1949.

Subject to a firm commitment being made by the Underwriters to purchase all of the shares of Preferred Stock and 1,000,000 of the shares of Common Stock covered hereby, the Company intends that the closing under each of the aforesaid agreements shall take place after 6:00 P.M. on the same day as the effective date of the Underwriting Agreement hereinafter referred to under the caption "Underwriting Agreements".

The amount to be paid by the Company to each of the selling corporations for their respective properties was arrived at after negotiation between Messrs. H. N. Mallon and R. E. Reimer, President and Vice-President and Secretary-Treasurer, respectively, of Dresser, the sole stockholder of the selling corporations, and Mr. Lyle C. Harvey, President, General Manager and a Director of the Company and Mr. Norbert A. McKenna, a General Partner of Reynolds & Co. and a Director of the Company. The determination of such amounts was based upon the past and present combined earnings, the combined net worth and the combined working capital position of the selling corporations, the physical properties of the selling corporations, the relative position of the combined enterprise in the industry and an engineering survey made by Messrs. Sanderson & Porter. A copy of such engineering survey has been filed as an Exhibit to the Registration Statement.

Mr. Harvey was a Vice-President and Director of Dresser until July 21, 1948. Mr. Harvey is and was, at the time of such negotiations, President and General Manager and a Director of Bryant, Chairman of the Board of Directors and a Director of Payne, and Vice-Chairman of the Board of Directors and a Director of Day & Night.

Copies of each of the three agreements hereinabove referred to under this caption have been filed as Exhibits to the Registration Statement and reference is made to such Exhibits for full statements of the terms and provisions of such agreements. The foregoing information as to such terms and provisions is qualified in its entirety by such reference.

Bryant, Day & Night and Payne have executed an Agreement dated January 11, 1949, with the Company and with Reynolds & Co., individually and as Representative of the several Underwriters named in the Underwriting Agreement referred to under the caption herein entitled "Underwriting Arrangements", wherein, in order to induce the Company and the Underwriters to execute said Underwriting Agreement, Bryant, Day & Night and Payne jointly and severally represent and warrant that the statements with respect to them and each of them contained in the Registration Statement and Prospectus are true and correct and that there have been omitted from the Registration Statement and Prospectus no facts which would cause any of the statements therein with respect to Bryant, Day & Night and Payne or any of them to be materially inaccurate or misleading.

The Company has been advised by its counsel, Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer and Hazlett that the contingent liabilities of Bryant, Day & Night and Payne, under the aforesaid Agreement, in the event of the distribution of the proceeds of the sale of their

respective properties to their sole stockholder, Dresser, and their respective dissolutions as contemplated, will be imposed, by operation of law, upon Dresser, to the extent of the amount of such distribution received by it, and that such contingent liabilities will not be so imposed upon the Company.

A copy of the aforesaid agreement and opinion have been filed as Exhibits to the Registration Statement and reference is made to such Exhibits for a full statement of the terms and provisions of such agreement and opinion. The foregoing information as to such terms and provisions and opinion is qualified in its entirety by such reference.

#### STATEMENT OF NET BOOK VALUE OF COMMON STOCK

Giving effect to (a) the amendment to the Certificate of Incorporation of the Company, effective January 10, 1949, (b) the sale of 40,000 shares of \$3.00 Cumulative Preferred Stock, par value \$50.00 per share, with Non-Detachable Common Stock Purchase Warrants and 1,000,000 shares of Common Stock, par value \$1.00 per share, (c) the borrowing of \$4,000,000, and (d) the acquisition of all of the assets, subject to all of the liabilities, of Bryant, Day & Night and Payne for an aggregate purchase price of \$10,870,000, the aggregate net book value, on the basis of the pro forma balance sheet of the Company at October 31, 1948, of 1,000,000 shares of Common Stock would have been \$7,419,940, or \$7.42 per share.

No representation is made that the book values of assets indicate presently realizable or fair market values or that the net book value per share stated above would be realizable in the event of liquidation.

#### PROPERTY

The properties of Bryant, Day & Night and Payne consist of land and land improvements, buildings, machinery and other equipment acquired by the present owners or their predecessors, from time to time, through construction and through purchase of new and used properties and equipment. Expenditures to maintain the plants and equipment have been made continuously by the three corporations and the plants and equipment are regarded by the Company to be in good to excellent operating condition and entirely suitable for the purposes for which they are to be used by the Company.

The following is a schedule of fixed asset additions and retirements since 1942:

		Additions			Retirements		
Year	Bryant	Day & Night	Payne	Bryant	Day & Night	Payne	
1942	 \$ 85,906	\$ 65,803	\$ 20,341	\$ 2,253	\$ 2,939	\$ 4,191	
1943	 61,627	80,385	24,972	17,870	27,915	12,269	
1944	 40,715	<b>80,739</b>	31,992	21,920	50,946	9,391	
1945	 139,933	147,161(1)	33,275(2)	52,899	16,734(1)	7,906(2)	
1946	 575,458	116,327	218,832	1.267	39,021	60,994	
1947	 335,692	102,173	56,468	2,650	8,09 <i>7</i>	4,332	
1948	 274,183	408,588	35,905	3,103	15,345	1,779	

- (1) Ten months ended October 31, 1945.
- (2) Nine months ended October 31, 1945.

All of the plants to be acquired have railway side track connections. Insurance covering all reasonable risks is carried on all plants and equipment in amounts generally considered by the present owners to be adequate and the Company intends to continue such coverage in substantially the same amounts.

#### Bryant Heater Company

This corporation owns in fee approximately 9.8 acres of land in Cleveland, Ohio, upon which its principal plant is located. The buildings are of brick, steel and concrete construction and have a floor space of approximately 114,000 square feet. The main office and manufacturing plant were constructed in 1925. An addition to house research and engineering facilities was completed in 1945.

The plant equipment consists, generally, of a complete line of sheet metal, welding, painting and assembly equipment and machine tools for working medium and small size gray iron castings. The equipment has an average age of approximately twelve years and is in excellent condition.

Bryant has a renewable lease from year-to-year until February 28, 1952, on a plant of brick, wood and concrete construction, having a floor area of approximately 66,000 square feet, located at London Road, Cleveland, Ohio. This building is approximately thirty years old and is used chiefly for assembly purposes and has equipment consisting of jigs, fixtures and small tools, as well as a small number of sheet metal forming machines and welding machines.

In addition to the above mentioned manufacturing facilities, Bryant utilizes the facilities of we sub-contractors for complete fabrication of certain of its products and partial fabrication

of other products. These two companies are located in central Ohio, and each has complete sheet metal fabricating equipment to manufacture Bryant products.

Bryant has a lease, expiring in November, 1961, with three options to renew of five years each, from Tyler Industrial Foundation, Inc. on a plant of brick and steel construction, having a floor area of approximately 117,000 square feet, located at Tyler, Texas. This plant was completed in 1946. According to the terms of the lease agreements, Bryant has the option to purchase the leased premises under certain conditions.

#### Day & Night Manufacturing Company

This corporation owns in fee approximately 15 acres of land at Monrovia, California upon which its plant is located. The buildings are principally of concrete and steel construction and have a floor area of approximately 125,000 square feet.

This plant is equipped with a complete line of sheet metal, welding, painting and assembly equipment, and other machines necessary for metal fabrication.

The Day & Night plant is a modern facility for the manufacture of water heaters, wall furnaces and space heaters. The equipment has an average age of less than 5 years and is in excellent condition. Day & Night has recently completed a two story, reinforced concrete addition to its main plant building at Monrovia, California, which provides 22,400 square feet of additional floor space.

### Payne Furnace Company

This corporation owns in fee approximately 4.6 acres of land at Beverly Hills, California upon which its main plant and general offices are located. The buildings are of brick and concrete construction and have a floor area of approximately 163,000 square feet.

Payne's plant equipment consists of power shears, brakes, presses, welding machines and other machinery used in metal fabrication. Approximately 70% of the machinery has been acquired within the last 10 years. This plant equipment generally is in excellent condition.

In 1947, a plant addition, representing an expenditure of \$165,000, was completed, which permits complete production from raw materials to railroad loading under one roof.

# CONTROL AND MANAGEMENT

The names and mailing addresses of the executive officers and directors of the Company are:

Lyle C. Harvey	2639 Belvoir Blvd., University Heights, Cleveland 18, Ohio	President, General Manager and Director
W. J. Bailey, Jr.	210 W. Orange Grove, Arcadia, Calif.	Vice President and Director
ElRoy L. Payne	1188 Coldwater Canyon, Beverly Hills, Calif.	Vice President and Director
Norbert A. McKenna	830 Park Avenue, New York, New York	Director
Francis H. Beam	2985 Morley Road, Shaker Heights, Cleveland, Ohio	Director
Philip W. Scott	3638 Lynnfield Rd., Cleveland 22, Ohio	Secretary and Treasurer

The Company intends to retain, so far as possible, the executive officers and employees of Bryant, Day & Night and Payne.

It is the intention of the Company to operate as three divisions, to be known as its Bryant Heater Division, Day & Night Division and Payne Furnace Division.

The Company has secured the services of Lyle C. Harvey, President and General Manager of Bryant, to act as its General Manager. It has entered into an Employment Agreement with Mr. Harvey, the more important provisions of which are as follows:

Mr. Harvey has agreed to serve as General Manager until December 31, 1953 and to devote his entire time to the business of the Company. The Company has agreed to pay Mr. Harvey for his services at the rate of \$48,000.00 annually. In addition, Mr. Harvey will participate in the Incentive Compensation Fund of the Company, which is outlined on page 21 of this Prospectus, to the extent of 12% of such Incentive Compensation Fund for each fiscal year during which he serves as General Manager. The Company may cancel the Employment Agreement with Mr. Harvey in the event that he is incapacitated and unable to perform his duties for a period of more than twelve consecutive months.

A copy of the aforesaid Employment Agreement has been filed as an Exhibit to the Registration Statement and reference is made to such Exhibit for a full statement of the terms and provisions of such Agreement. The foregoing information as to such terms and provisions is qualified in its entirety by such reference.

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The qualifications and business experience of the officers and the directors of the Company are as follows:

Lyle C. Harvey is 49 years of age. He has been associated with Bryant Heater Company since 1926 and has been President and General Manager for the past ten years. He has been active in the gas heating industry for more than twenty years. He has been a Director and Member of the Executive Committee of the American Gas Association and a Director and President of the Gas Appliance Manufacturers Association.

W. J. Bailey, Jr. is 34 years of age. He is President and General Manager of Day & Night. He has been employed by Day & Night for the past fourteen years. He held several positions with that corporation in the fields of advertising, purchasing and sales before being elected President and General Manager in March 1944.

ElRoy L. Payne is 53 years of age. He has been actively associated with the gas heating industry for over thirty years. He is now President and since 1915 has been General Manager of Payne and its predecessor companies. He has been President of the Pacific Coast Gas Association and is a member of several important American Gas Association Committees.

Norbert A. McKenna is a General Partner of Reynolds & Co.

Francis H. Beam is a Vice President of the National City Bank of Cleveland, Cleveland, Ohio.

Philip W. Scott is 37 years of age. He has been associated with Bryant since 1938 and has been Secretary-Treasurer since 1944. He is a member of the Ohio Bar. He is a Director and Vice President of the Controllers Institute of America, and a member of the Industry Advisory Committee of the U. S. Department of Commerce for the Warm Air Heating Equipment Industry.

It is the intention of the management of the Company, after the completion of this financing, to increase the Board of Directors of the Company to nine in number, and to recommend the election of the following as additional directors:

Mr. M. J. Fortier, who is Vice President and General Manager of the Sherwin Williams Company, Cleveland, Ohio;

Mr. Herbert W. Grindal, who is a General Partner of Reynolds & Co.;

Mr. H. N. Mallon, who is President of Dresser Industries, Inc, Cleveland, Ohio; and

Mr. William A. McAfee, who is a Partner of Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, Cleveland, Ohio.

Messrs. Fortier, Mallon, McAfee and Grindal have each informed the Company that they will serve as Directors, if and when elected as such.

#### Remuneration

The total remuneration paid by Bryant, Payne and Day & Night to their officers and directors during their last fiscal year ended October 31, 1948 was as follows:

	Bryant	Day & Night	Payne	Combined Enterprise
1. Directors' Fees	None(a)	None	None(b)	None
2. Officers' Salaries	\$ 79,750.00	\$ 58,666.64	\$ 53,000.00	\$191,416.64
3. Bonuses and Shares in Profits Paid to Directors and Officers	83,070.00	51,894.00	26,623.00	161,587.00
4. Other Remuneration Paid to Directors and Officers—Note (c)	6,733.08	2,834.26	4,384.14	13,951.48
5. Total Remuneration	\$169,553.08	\$113,394.90	\$ 84,007.14	\$366,955.12

(a) The law firm of McAfee, Grossman, Taplin, Hanning, Newcomer and Hazlett, counsel for Bryant, of which one director, William A. McAfee, is a member, received for legal services rendered to Bryant for the fiscal year ended October 31, 1948, the sum of \$250.00.

(b) Mr. Arthur L. Erb, legal counsel for Payne, and also a director of that company, received for legal services rendered to Payne for the fiscal year ended October 31, 1948, the sum of \$1,200.00.

(c) The amounts shown consist principally of contributions by the Selling Corporations pursuant to the Pension Plan of Dresser described at page 12 hereof, in effect during the fiscal year ended October 31, 1948.

The three corporations also contributed proportionate amounts, on behalf of their officers and directors, in connection with a Group Life Insurance Program in effect during the year ended October 31, 1948. It is impossible to determine the exact amount of such contributions, but in the aggregate the amount contributed did not exceed \$300.00.

The total Officers' Salaries and Directors' Fees proposed to be paid by the Company, on an annual basis, during the first twelve months after it commences operations is estimated as follows:

Directors' Fees	\$ 6,000.00
Officers' Salaries	\$150,000.00

Directors' fees are not payable to directors who are currently receiving salaries or other forms of compensation from the Company, including counsel fees.

It is impractical to estimate the amount of bonuses and other remuneration to be paid by the Company to its officers and directors during its first twelve months of operations. The amount of incentive compensation for the year ended October 31, 1948 that would have been available for distribution under the Incentive Compensation Plan recently adopted by the Company amounts to \$248,100 as compared to the aggregate amount of \$239,400 available for distribution (\$224,932 actually paid) under the plans in effect at October 31, 1948. Under his employment contract with the Company, Mr. Lyle C. Harvey, President and General Manager of the Company, would have received 12% of the fund, or \$29,772. Participation of other officers in the fund would have been determined, under the Plan, by the Board of Directors of the Company and, therefore, cannot be estimated. The Incentive Compensation Plan, the Group Life Insurance Plan, and the Pension Plan adopted by the Company are reviewed elsewhere herein and reference should be made to these reviews relative to determining the methods by which the amount of bonuses or other remuneration will be ascertained.

The following table sets forth the aggregate remuneration paid by Bryant, Day & Night and Payne during the fiscal year ended October 31, 1948, to the individuals who received in excess of \$20,000, and who will serve as officers and directors of the Company:

	Capacity in Which Remuneration	Aggregate Remuneration Received		Contributions Under	
	Received	Salary	Bonus	Pension Plan	
Lyle C. Harvey	Pres., Bryant	\$24,000.00	\$35,100.00	\$3,015.54	
ElRoy L. Payne	Pres., Payne	25,000.00	11,795.00	2,308.41	
William J. Bailey, Ir.	Pres., Day & Night	15,000.00	26,415.50	1,680.65	
Philip W. Scott	Secy. & Treas., Bryant	10,800.00	14,040.00	1,097.24	

The three corporations also contributed proportionate amounts, on behalf of the above individuals, in connection with a Group Life Insurance Program in effect during the year ended October 31, 1948. It is impossible to determine by individuals, or by groups, the exact amount of such contributions, but in the aggregate the amount contributed did not exceed \$200.00.

#### Employees' Stock Purchase Plan

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The Board of Directors of the Company has approved a Stock Purchase Plan under which not exceeding 25,000 shares of Common Stock of the Company may be offered and sold from time to time to such officers, directors or employees (which officers or employees may also be directors) and at such price or prices, as the Board of Directors shall determine.

The Plan provides that the offering thereunder shall be made on or about January 31, 1949, and that the price per share upon such offering under the Plan shall be the same as the price per share at which the Company shall sell to the Underwriters the 1,000,000 shares of Common Stock covered by this Prospectus.

The Board of Directors have allocated the offering of 25,000 shares in the manner set forth below:

Name	Position	Number of Shares
L. C. Harvey	President, General Manager and Director	5,000
W. J. Bailey, Jr.	Vice President and Director	2,000
E. L. Payne	Vice President and Director	2,000
P. W. Scott	Secretary-Treasurer	2,000
W. G. Cartter	•	1,000
J. N. Crawford	*	1,000
C. F. Cushing	•	1,000
G. N. Gray	•	1,000
J. A. Hughes		1,000
R. J. Seltzer	•	1,000
W. R. Teller		1,000
F. E. Wood	•	1,000
D. Young	•	1,000
P. D. Bertholf	•	500
J. H. Keber	•	500
M. H. Laundon, Jr.	•	500
B. H. McGill	•	500
K. R. Ryan	•	500
J. H. Swallow	•	500
R. D. Terhune	•	500
J. H. Willson	•	500
W. H. Wise	•	500
W. C. Wolff	•	500
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Each of these persons is a department head or other key employee of the Company, having specific duties and responsibilities. Inasmuch as the Company has not as yet commenced operations, no precise titles have as yet been assigned to the positions held by these persons.

The extent to which the above named offerees will accept the offers cannot be determined at this time. Under the terms of the plan the Board of Directors may withdraw in whole or in part the offer made to any offeree. Withdrawn shares may be reallocated to others originally selected for inclusion or to new offerees selected by the Board of Directors. Withdrawn shares may be included in any subsequent offering or offerings.

The plan provides for the entering into of a purchase contract. The offers to all offerees who have not entered into the purchase contract before the close of business on the "expiration date", as defined in the plan, automatically then expire.

Each purchase contract entered into under the Plan, whether upon the initial or a subsequent offering, is to contain provisions to the following effect:

- (a) That the total price payable thereunder shall be paid in ten equal installments of which the first shall be paid at the time of entering into the purchase contract and the remaining nine successively annually on March 25th thereafter; that the officer, director or employee shall have the right to prepay, at any time or times, any one or more installments in the order in which they become due, no such prepayment to accelerate the due date of any remaining installment; and that, as each installment is paid or prepaid, the number of shares which such installment shall suffice to pay for in full shall be issued to the officer, director or employee.
- (b) That, in the event of the death prior to full performance of the purchase contract, of the officer, director or employee, the personal representative(s) of the officer, director or employee shall have the right to terminate the purchase contract, to the extent unperformed at the date of death of the officer, director or employee, or to pay the entire amount representing such unperformed portion by a single payment to be made within six months of the date of such death.
- (c) That, in the event that the officer, director or employee, voluntarily or involuntarily, for any reason whatsoever, ceases to be such officer, director or employee of the Company, prior to the full performance of the contract, the unperformed portion of the contract shall be cancelled forthwith.
- (d) That, if the officer, director or employee fails to pay any installment on or prior to its due date and such failure shall continue for ninety days after such due date, the Company may, at its option, by action of its Board of Directors, while such failure shall be continuing, by notice in writing to the officer, director or employee, either (i) declare all remaining installments immediately due and payable, whereupon they shall so become; (ii) extend the time of payment of the defaulted installment; or (iii) cancel the purchase contract to the extent then unperformed.
- (e) That, if the Company shall fail to issue to the officer, director or employee any stock which, by the terms of the purchase contract, is then issuable to him and such failure shall continue for ninety days, the officer, director or employee may, at his option, while such failure shall be continuing, by notice in writing to the Company, either (i) cancel the purchase contract to the extent then unperformed or (ii) rescind the purchase contract in its entirety, in which event upon tender to the Company of such number of shares, duly endorsed and in proper form for transfer, as shall amount in the aggregate to those previously purchased and paid for under the purchase contract, he shall be entitled to receive from the Company, and the Company shall pay, an amount equal to the amount or aggregate of the several amounts paid by him for shares purchased under the purchase contract, with adjustment however on the basis of allowance to the officer, director or employee of interest at the rate of six per cent per annum and allowance to the Company for dividends paid, such allowance in each instance to be for the period or periods between the time or times of the purchase or purchases of the stock by the officer, director or employee and the time of its tender to the Company as provided above; provided, however, that the officer, director or employee shall not be entitled to elect to proceed under the foregoing provisions of this clause (ii) of this paragraph (e), and the Company shall be under no duty to make payment as provided thereby, if, at the time, the Company has insufficient surplus to permit of the making of the payment wholly therefrom, or if the making thereof would violate any then applicable provision of the law, or any provision of the Certificate of Incorporation of the Company as then in effect, or any provision of any indenture or agreement to which the Company may then be a party whether now or hereafter entered into.
- (f) The provisions referred to in paragraphs (d) and (e) above shall be without prejudice to the right of the Company or of the officer, director or employee to exercise any other or further right or remedy available at law or in equity.
- (g) An officer, director or employee shall not have the right to sell, assign or transfer any of his right, title and interest in and to the unperformed portion of his contract.

A copy of the Stock Purchase Plan and of the form of purchase contract to be used in connection with the initial offering are filed as Exhibits to the Registration Statement. Reference thereto is hereby made and this summary is qualified in its entirety by such reference.

#### Incentive Compensation Plan

The Board of Directors of the Company has adopted an Incentive Compensation Plan, under the terms of which the Company is required to accrue as of the close of each fiscal year and to pay, within 90 days thereafter, an Incentive Compensation Fund equal to ten percent of its net profits, after deducting all state and federal income taxes thereon, for the immediately preceding fiscal year. The computation of net profits is to be made without any deduction for the Incentive Compensation Fund, but the Incentive Compensation Fund is to be deducted in computing income taxes. The computation of the Incentive Compensation Fund is to be made each year, based upon the annual audit of the Company's independent auditors. The individuals who will receive distributions from the Incentive Compensation Fund, and the amount to be received by each, will be determined by the Board of Directors of the Company, based upon the recommendations of the President and General Manager, except that, under the terms of the Employment Agreement dated August 10, 1948, between the Company and Mr. Lyle C. Harvey, President and General Manager of the Company, Mr. Harvey is to receive 12% of the Incentive Compensation Fund within 90 days after the end of each fiscal year. Except as to Mr. Harvey, under the plan, the power is reserved to the Board of Directors of the Company to determine in any fiscal year that less than the prescribed amount of the fund shall be distributed, in which event the undistributed balance of the fund is returned to income but such amount is added to the fund for the succeeding

A copy of the Incentive Compensation Plan has been filed as an Exhibit to the Registration Statement. Reference thereto is hereby made and this summary is qualified in its entirety by such reference.

#### Indemnification

Subdivision 8 of Article "NINTH" of the Amended Certificate of Incorporation of the Company provides as follows:

"8. Any person made a party to any action, suit or proceeding by reason of the fact that he, his testator or intestate, is or was a director, officer, or employee of the Corporation or of any corporation which he served as such at the request of the Corporation, shall be indemnified by the Corporation against any and all reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of any such action, suit or proceeding, or in connection with any appeal therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such officer, director or employee is liable for negligence or misconduct in the performance of his duties. Such right of indemnification shall not be deemed exclusive of any other rights to which such director, officer or employee may be entitled apart from this provision. Any and all amounts payable by way of indemnity hereunder shall be determined and paid in such manner as may be provided in the By-Laws of the Corporation or by resolution of the Board of Directors or of the stockholders in a specific case."

In so far as the foregoing provision of the Certificate of Incorporation of the Company may permit indemnification for liabilities arising out of the Securities Act of 1933, as amended, the Company has been advised that the Securities and Exchange Commission is of the opinion that such a provision is against public policy as expressed in the Act and therefore unenforceable. In the event that a claim for such indemnification is asserted by an officer or a director under the foregoing provision, the Company, unless the question has already been determined by controlling precedent, will submit to a court of competent jurisdiction the question whether such indemnification is against public policy as expressed in the Act and will be governed by the final adjudication of such issue. A copy of the Amended Certificate of Incorporation of the Company has been filed as an Exhibit to the Registration Statement.

#### DESCRIPTION OF FUNDED DEBT

The Company has entered into Loan Agreements dated January 6, 1949, respectively, with Massachusetts Mutual Life Insurance Company of Springfield, Mass., The Penn Mutual Life Insurance Company, of Philadelphia, Pa., and State Mutual Life Assurance Company of Worcester, Mass., respectively, providing for loans to the Company in the aggregate sum of \$4,000,000.00.

The foregoing loans are evidenced by Notes maturing on February 1, 1964 and bearing interest at the rate of 4% per annum from the date thereof until the maturity date, payable semi-annually

on the first days of February and August of each year, subsequent to the issuance of the Notes, and, after the maturity date, at the rate of 6% per annum until the principal amount has been paid in full.

On February 1 in each of the years 1950 to 1963 inclusive, so long as any principal of the Notes shall remain unpaid, the Company will pay, without premium, on the account of said principal, the sum of \$200,000.00 or, in the case of the final payment, the amount of the unpaid principal balance, if it shall be less than \$200,000.00, together with interest on the amount of the principal so paid to the date of payment. On April 15, 1951 and on April 15 of each year thereafter until (a) April 15, 1963, (b) the payment of an aggregate of \$2,000,000.00, or (c) the prepayment in full of the principal of the Notes, whichever is the earlier, the Company will pay, without premium, on the amount of the principal of the Notes a sum equal to whichever is the lesser of the unpaid principal balance of the Notes, or 10% of the net income (if any) after taxes of the Company for the preceding fiscal year.

On any date on which payment by the Company shall be required, the Company, on written notice, may prepay, without premium, on account of the principal of the Notes, a further amount equal to the amount so required to be paid on the particular date. On February 1, 1964 the Company will pay, without premium, the entire unpaid principal balance of the Notes, if any.

The Company may likewise, at any time, prepay the Notes in full, or from time to time, in part, in multiples of \$1,000.00, upon thirty days prior written notice, and, upon the payment of stipulated premiums, decreasing in rate from 334% to 34%, over the term of the Notes.

The Notes are not secured by the deposit of collateral.

In the Loan Agreements, the Company covenants, among other things, that:

- (a) The Company will maintain the excess of its current assets over its current liabilities at an amount at least equal to whichever is greater of (i) \$4,000,000, or (ii) 150% of the aggregate amount of its outstanding indebtedness due more than 12 months thereafter or extendable or renewable, at the option of the obligor, to a date more than 12 months thereafter. (For the determination of net current assets for the purpose of this clause, only wholly owned subsidiaries are considered.)
- (b) The Company will promptly pay and discharge all lawful taxes, assessments and governmental charges or levies imposed upon it or its income or profits, or any of its property, real, personal or mixed.
- (c) The Company will keep its corporate existence, rights and franchises in full force and effect and the Company will not, and will not permit any subsidiary to, without the written consent of the holder or holders of 75% in aggregate principal amount of the Notes then unpaid, sell, lease, transfer or otherwise dispose of all or substantially all of its properties or assets to, or consolidate or merge into, any other company, corporation, partnership or individual, with certain stipulated exceptions.
- (d) The Company will keep its properties in good repair, order and working condition and, from time to time, will make any needful and proper repairs, renewals, replacements, extensions, additions, betterments and improvements.
- (e) The Company will keep all its properties and inventories which are of an insurable character insured against loss or damage by fire and other risks.
  - (f) The Company will not incur other indebtedness, with certain stipulated exceptions.
- (g) The Company will not permit any mortgage, pledge, encumbrance, lien or charge of any kind upon any of its property or assets, with certain stipulated exceptions.
- (h) The Company will not make any loans or advances except to a subsidiary and will not permit any subsidiary to make any loans or advances except to any other subsidiary or to the Company, with certain stipulated exceptions.
- (i) The Company will not pay any dividends upon, make any distribution to, or purchase or otherwise acquire for a valuable consideration, any shares of its capital stock, if (i) any amount of principal or interest be due and payable, at the time, in respect of the principal of or interest on the Notes or (ii) the aggregate amount of dividends, including the proposed dividend, and capital stock acquisitions subsequent to October 31, 1948, shall exceed the sum of (a) the aggregate net income of the Company earned subsequent to October 31, 1948, (b) the aggregate net consideration received by the Company from the sale of capital stock subsequent to October 31, 1948 (other than the original issue of 1,000,000 shares of Common Stock and 40,000 shares of Preferred Stock with Warrants attached), and (c) the amount of \$620,000.

The Loan Agreements provide that, upon the written request of the respective lenders, the Company will execute and deliver a trust indenture providing for the issue thereunder of 45 debentures of the Company bearing interest at the rate and entitled to all substantive benefits of the Notes then outstanding, the debentures to be limited to the principal amount of the Notes outstanding on the actual date of the execution of the indenture. After the execution and delivery of such indenture, upon surrender of a Note by the holder thereof, the Company will deliver, without charge, in exchange therefor, a debenture or debentures in the aggregate principal amount equal to the unpaid principal amount of the Note so surrendered, having the same maturity date or dates as the Note so surrendered or of the same or a different authorized denomination or denominations and either in registered form without coupons or in coupon form, as such holder may elect, and bearing interest from the date to which interest shall have been paid on the Note so surrendered.

In case any event of default as defined in the Loan Agreements shall occur, the holder or holders of 10% of the Notes then unpaid may declare the unpaid balance of the Notes to be forthwith due and payable, in the manner and with the effect provided in the Loan Agreement.

The obligations of the lender under each Loan Agreement are subject, among other things, to the accuracy of and compliance with the representations and warranties of the Company contained therein, the approval of legal proceedings by counsel, the acquisition by the Company of the assets of Bryant, Day & Night and Payne, upon the terms and conditions set forth in this Prospectus and the sale by the Company of, and the receipt of payment for, 40,000 shares of its \$3.00 Cumulative Preferred Stock with Warrants attached and 1,000,000 shares of its Common Stock, upon the terms and conditions set forth in this Prospectus.

The time for the consumnation of the loan, under each Loan Agreement, is to be such time prior to March 1, 1949, and at or after the aforesaid acquisition of assets, and the aforesaid sale of Preferred Stock and Common Stock, as the Company shall fix by prior written notice to the lender.

The foregoing statements are summaries of certain provisions of the Loan Agreements and do not purport to be complete. Reference is made to the copies of the Loan Agreements filed as Exhibits to the Registration Statement for the full provisions thereof. The foregoing statements are qualified in their entirety by such reference.

### DESCRIPTION OF CAPITAL SHARES

The Amended Certificate of Incorporation of the Company authorizes the Company to issue 40,000 shares of \$3.00 Cumulative Preferred Stock of the par value of \$50.00 per share (hereinatter called the "Preferred Stock") and 2,000,000 shares of Common Stock of the par value of \$1.00 per share (hereinafter called the "Common Stock"). The following summary of the terms of the Preferred Stock and the Common Stock does not relate or give effect to provisions of statutory or common law and does not purport to be complete. It is subject in all respects to the provisions of the Amended Certificate of Incorporation, a copy of which has been filed as an Exhibit to the Registration Statement. Reference is hereby made to such Exhibit which is incorporated herein by reference and the information herein is qualified in its entirety by such reference.

## PREFERRED STOCK

### Dividends

Holders of Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors out of any funds of the Company at the time legally available for the payment of dividends, dividends at the rate of \$3.00 per annum, payable quarterly on March 20, June 20, September 20 and December 20, in each year (hereinafter referred to as "quarterly dividend dates"), before any dividend shall be declared or paid upon or set apart for any other stock of the Company ranking junior to the Preferred Stock; and such dividends on the Preferred Stock shall be cumulative from and after the date of issue.

So long as any Preferred Stock shall remain outstanding, no dividends (other than dividends payable in stock the rights of the holders of which shall be subject or subordinate to the rights of the holders of the Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up) shall be paid upon, nor shall any distribution be made to, any class of stock ranking junior to the Preferred Stock, nor shall any shares of any such junior class be purchased or otherwise acquired for valuable consideration by the Company or any subsidiary, nor shall any shares of any such class be redeemed by the Company, nor shall any moneys be paid or made available for any such purchase, acquisition or redemption of any shares of any such class of stock under any of the following circumstances:

- (i) If dividends in full on all outstanding shares of Preferred Stock for all past quarterly dividend periods and for the then current quarterly dividend period shall not have been paid or declared and set aside for payment; or
- (ii) If the Company shall have failed to set apart for, or apply to, the redemption or purchase of Preferred Stock all amounts, if any, then or theretofore required to be set apart or applied under any retirement or sinking fund provisions with respect to the Preferred Stock; or
- (iii) If the aggregate amount of payments for all dividends, distributions, purchases, acquisitions and redemptions as to any class of stock ranking junior to the Preferred Stock (including the payment to be then made, but excluding dividends payable in stock the rights of the holders of which shall be subject or subordinate to the rights of the holders of the Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up) made subsequent to February 1, 1949 shall exceed the sum of (a) Consolidated Net Income from and after February 1, 1949, after deduction therefrom of all dividends and all retirement or sinking fund requirements after February 1, 1949 on the Preferred Stock and on any class of stock ranking prior to or on a parity with Preferred Stock, (b) \$500,000, and (c) the aggregate net consideration received by the Company from the issue or sale, subsequent to February 15, 1949, of shares of any class of such junior stock; or
- (iv) If, as of June 30 or December 31, as the case may be, next preceding the date of payment for such dividend, distribution, purchase, acquisition or redemption, and after giving effect thereto and to all other such payments, distributions, purchases, acquisitions and redemptions paid since such next preceding June 30 or December 31, the sum of (a) the par or stated value of all the then outstanding shares of stock of the Company the rights of the holders of which shall be subject or subordinate to the rights of the holders of Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up and (b) the Consolidated Surplus, shall be less than 125% of the sum of (c) Consolidated Funded Debt and (d) the involuntary liquidation value of all then outstanding shares of Preferred Stock and of any class of stock ranking prior to or on a parity with the Preferred Stock.

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If, at any time, the Company shall have failed to pay dividends in full on the Preferred Stock, thereafter and until dividends in full, including all accrued and unpaid dividends on the Preferred Stock outstanding, shall have been paid or declared and set apart for payment, neither the Company nor any subsidiary shall purchase any Preferred Stock except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of Preferred Stock, upon such terms as the Board of Directors, in their sole discretion, shall determine (which determination shall be final and conclusive).

## Limitations in any Indentures or other Agreements on the Payment of Dividends

Under the Term Loan Agreements described under the caption herein entitled "Description of Funded Debt", the Company has agreed not to pay any dividends upon, make any distribution to, or purchase or otherwise acquire for a valuable consideration, any shares of its capital stock, if (a) any amount of principal or interest be due and payable, at the time, in respect of the principal of, or interest on the Notes or (b) the aggregate amount of dividends, including the proposed dividend, and capital stock acquisitions subsequent to October 31, 1948, shall exceed the sum of (i) the aggregate net income of the Company earned subsequent to October 31, 1948, (ii) the aggregate net consideration received by the Company from the sale of capital stock subsequent to October 31, 1948 (other than the original issue of 1,000,000 shares of Common Stock and 40,000 shares of Preferred Stock with Warrants attached), and (iii) the sum of \$620,000. In addition, under the Term Loan Agreements, the Company is required to maintain the excess of its current assets over its current liabilities at an amount at least equal to whichever is the greater of (i) \$4,000,000, or (ii) 150% of the aggregate amount of its outstanding indebtedness due more than 17 months thereafter or extendable or renewable at the option of the obligor to a date more than 12 months thereafter.

### Liquidation Rights

In the event of any liquidation, dissolution or winding-up of the Company, before any payment or distribution of the assets of the Company (whether capital or surplus) shall be made to or set apart for any other class or classes of stock ranking junior to the Preferred Stock, the Preferred Stock shall be entitled to payment at the rate of \$50 a share, plus an amount equivalent

to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to the holders of the Preferred Stock, and, in addition thereto, if such liquidation, dissolution or winding-up be voluntary, an amount equivalent to the premium per share of Preferred Stock that would then be payable, if the Preferred Stock were then redeemed for purposes other than the annual sinking fund referred to under the subheading "Sinking Fund".

### Redemption

The shares of Preferred Stock are redeemable; and the premium payable upon their redemption (other than shares being redeemed for purposes of the annual sinking fund referred to under the subheading "Sinking Fund") over and above the par value thereof and any dividends accrued thereon will be \$3.00 per share, if redeemed on or before January 15, 1953; \$2.25 per share, if redeemed thereafter and on or before January 15, 1958; and \$1.25 per share, if redeemed thereafter.

Preferred Stock which has been redeemed will be retired and may not be reissued.

Notice of any redemption is required to be given by mail and publication at least 30 days in advance of the date designated for redemption. In the case of a partial redemption, the shares to be redeemed are required to be selected by lot or pro rata to the nearest full share as the Board may determine.

### Sinking Fund

The Preferred Stock shall be subject to the operation of an annual sinking fund as follows:

On or before the one hundred and twentieth day following the close of each fiscal year, commencing with the fiscal year ending in 1949, the Company shall retire, through purchase, redemption or otherwise, shares of Preferred Stock of a par value equivalent to 33/3% of the aggregate par value of the total number of shares of Preferred Stock issued prior to the close of the next preceding fiscal year, plus all sinking fund arrearages, if any. Shares of Preferred Stock so retired shall be cancelled and shall not be reissued. If more than the number of shares of Preferred Stock required to be retired on or before any such date as aforesaid shall be retired prior to such date, the excess of any portion thereof may be credited against any sinking fund arrearage, or, if there be no sinking fund arrearage, against the amount to be retired on or before any subsequent such date.

An opinion of any firm of independent public accountants of recognized standing (which may be the firm which regularly examines the financial statements of the Company) as to the amount required to be set aside on any such one hundred and twentieth day, shall be conclusive evidence thereof.

Preferred Stock to be redeemed by the Company for sinking fund purposes shall be redeemed in the manner provided therefor under the subheading "Redemption", provided, however, that the price per share payable upon the redemption of the Preferred Stock for the purpose of the annual sinking fund, over and above the par value thereof and any dividends accrued thereon, shall be \$1.75 per share, if redeemed on or before January 15, 1953; \$1.50 per share, if redeemed thereafter and on or before January 15, 1958; and \$1.25 per share, if redeemed thereafter.

## Voting Rights

The holders of the Common Stock, with one vote for each share, shall have exclusive voting power for all purposes and the holders of the Preferred Stock shall have no voting rights whatsoever and shall not be entitled to notice of any meeting or of any action to be taken by the Company or by its stockholders, except as required by law and except as provided in the Amended Certificate of Incorporation.

Whenever dividends are in arrears on the Preferred Stock in an amount equal to or exceeding the amount thereof payable thereon for one year and thereafter until all dividends accumulated thereon shall have been paid in full, the holders of the Preferred Stock shall have, with respect to the election of directors, the exclusive right, voting separately as a class, to elect one-third of the Board of Directors, but in no event less than two such directors, and the remaining directors shall be elected by the other class or classes of stock entitled to vote therefor. At any time when the holders of Preferred Stock shall have such special voting power and before the next regular meeting for the election of directors, a special meeting of stockholders shall be called for the purpose of electing directors at the written request of the holders of record of at least 10% of the outstanding Preferred Stock. At any meeting so called or at any other meeting of stockholders held for the purpose of electing directors at which the holders of Preferred Stock have

such special voting power the presence in person or by proxy of at least one-third of the shares of outstanding Preferred Stock shall constitute a quorum of such class for the election of directors by the Preferred Stock as a class.

### Preemptive or other Subscription Rights

Holders of the Preferred Stock have no preemptive or other rights to subscribe for any additional shares of the capital stock of the Company.

### Liability for Further Calls or Assessments

The shares of Preferred Stock are full-paid and non-assessable and are not liable to further calls or assessments.

### Conversion Rights

The Preferred Stock carries no conversion privileges.

### Other Special Provisions

So long as any Preferred Stock shall be outstanding, the Company shall not, without the affirmative vote, at a meeting, of the holders of at least two-thirds of the shares of the Preferred Stock then outstanding, do any of the following things:

- (i) Create any other class of stock which shall rank prior to the Preferred Stock or increase the authorized number of shares of any such other class of stock;
- (ii) Change, alter, amend, or repeal in any manner the express terms and provisions hereof applicable to the Preferred Stock; or
- (iii) Authorize any reclassification of the Preferred Stock or a liquidation, dissolution or winding-up of the Company, or a consolidation or merger of the Company, or a disposal by sale, exchange, lease, or in any other manner of all or substantially all of the property and assets of the Company;

provided, however, that the provisions of clause (iii) above shall not apply to, nor shall it operate to prevent, a consolidation or merger of the Company with another corporation, if (a) after the consummation of such consolidation or merger, (1) the resulting or surviving corporation (which may be the Company or another corporation) will have, after such merger or consolidation, no stock either authorized or outstanding ranking prior to or on a parity with the Preferred Stock or other stock issued in substitution or exchange therefor, except the same or a lesser number of shares of stock, with the same terms and provisions, as the stock or stocks of the Company ranking prior to or on a parity with the Preferred Stock authorized and outstanding immediately prior to such merger or consolidation, and (2) each holder of shares of Preferred Stock immediately prior to such merger or consolidation shall retain or receive the same number of shares of the resulting or surviving corporation having the same terms and provisions as the shares of Preferred Stock held by such holder, and (3) the resulting or surviving corporation and its subsidiaries do not have outstanding, immediately after such merger or consolidation, Funded Debt, preferred stock or common stock in an aggregate amount greater than is then permitted under the provisions of the second succeeding paragraph below and (b) none of the assets of the Company shall be distributed in connection with such consolidation or merger.

The Company shall not, without the affirmative vote, at a meeting, of the holders of at least a majority in amount of the Preferred Stock then outstanding, create any class of stock which shall rank on a parity with the Preferred Stock, or increase the authorized number of shares of any such class of stock or of the Preferred Stock.

So long as any of the Preferred Stock remains outstanding, the Company, without the assirmative vote, at a meeting, of the holders of at least two-thirds of the shares of Preferred Stock of all series then outstanding, shall not do any of the following things:

- (i) Create, incur, issue, assume or guarantee, or permit any subsidiary to create, incur, issue, assume or guarantee, any Funded Debt, except in connection with the renewal or extension of Funded Debt in amount not exceeding the principal amount of Funded Debt so renewed or extended, and, in the case of subsidiaries, except Funded Debt to the Company or a wholly-owned subsidiary; or
- (ii) Permit any subsidiary to issue any preferred shares except to the Company or to a wholly-owned subsidiary, or to issue any common shares, unless the Company or its wholly-owned subsidiaries, if any, or both, shall acquire sufficient thereof so that the proportion of such common shares thereafter outstanding owned by the Company or such subsidiaries, if

any, or both, shall not be less than the proportion of common shares theretofore outstanding owned by the Company or its subsidiaries, if any, or both; or

- (iii) Issue any shares of Preferred Stock or of any class of stock ranking prior to or on a parity with the Preferred Stock; or
- (iv) Sell or otherwise dispose of, or permit any subsidiary to sell or otherwise dispose of, except to the Company or a subsidiary, any Funded Debt or shares of stock of a subsidiary unless (a) all Funded Debt and shares of stock of such subsidiary then owned by the Company and its subsidiaries shall be disposed of simultaneously therewith and (b) immediately prior to such disposal such subsidiary shall not have owned any Funded Debt or shares of stock of the Company or its subsidiaries;

unless, as of June 30, or December 31, as the case may be, next preceding the date of such issuance, creation, incurrence, assumption, guarantee, sale or other disposition, and after giving effect thereto and to any other such issuance, creation, incurrence, assumption, guarantee, sale or other disposition, occurring since such next preceding June 30, or December 31, the sum of (a) the par or stated value of all the then outstanding shares of stock of the Company the rights of the holders of which shall be subject or subordinate to the rights of the holders of Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up and (b) the Consolidated Surplus shall be at least 125% of the sum of (c) Consolidated Funded Debt and (d) the involuntary liquidation value of all then outstanding shares of Preferred Stock and of any class of stock ranking prior to or on a parity with the Preferred Stock.

### **Definitions**

The Amended Certificate of Incorporation provides that, for the purpose of the provisions in the Amended Certificate of Incorporation relative to the Preferred Stock:

- (a) The term "subsidiary" shall mean (i) any corporation the greater portion of the business of which is transacted, or the greater portion of the assets of which is located, within the territorial limits of the United States of America (including Alaska but not including any other territorial possessions) or within the territorial limits of the Dominion of Canada, and of which the Company, directly or indirectly, owns or controls such number of shares of outstanding stock as at the time shall have by the terms thereof ordinary voting power to elect a majority of the Board of Directors of such corporation, irrespective of whether or not at the time stock of any other class or classes of such corporation shall or might have voting power by reason of the happening of any contingency, and (ii) any corporation of which such number of shares of outstanding stock of the character described in the foregoing clause (i) shall at the time be owned or controlled, directly or indirectly, by the Company and any subsidiary as defined in the foregoing clause (i) or by one or more such subsidiaries;
- (b) The term "wholly-owned subsidiary" shall mean (i) any subsidiary of which the Company, directly or indirectly, owns or controls at the time all of the outstanding stock, except directors' qualifying shares and (ii) any subsidiary of which all of the outstanding stock, except directors' qualifying shares, shall at the time be owned or controlled, directly or indirectly, by the Company and any wholly-owned subsidiary as defined in the foregoing clause (i) or by one or more such wholly-owned subsidiaries;
- (c) The term "Consolidated Balance Sheet" shall mean the balance sheet of the Company or a consolidated balance sheet of the Company and its subsidiaries, if any, prepared in accordance with generally accepted principles of accounting, except that, at the option of the Company, there need not be consolidated any subsidiary which is not required to be consolidated in accordance with generally accepted principles of accounting;
- (d) The term "Consolidated Net Income" shall mean the balance remaining applicable to the Company after deducting from earnings and other income and profits of the Company or consolidated earnings and other income and profits of the Company and its subsidiaries, if any, all expenses and charges of every proper character, all as determined from time to time in accordance with generally accepted principles of accounting; provided that, there shall not be included in any such determination any profits or losses of any subsidiary which would not be required, in accordance with generally accepted principles of accounting, to be consolidated in a consolidated balance sheet prepared as of the date of such determination;
- (e) The term "Funded Debt" shall mean all indebtedness, direct or guaranteed, other than indebtedness incurred in the ordinary course of business and maturing by its terms within twelve months from the date of incurring the same; except that there shall not be included in Funded Debt any indebtedness for the payment or redemption of which at maturity or on a redemption date sums shall have been deposited in trust;

- (f) The term "Consolidated Funded Debt" shall mean the sum of (i) all Funded Debt of the Company and its subsidiaries, if any, after eliminating all inter-company items, plus (ii) the amount payable on involuntary liquidation with respect to preferred shares of subsidiaries, if any, not owned by the Company or other subsidiaries, if any, and (iii) the proportion of net assets applicable to minority interests evidenced by common shares in subsidiaries, if any, all as computed from a consolidated balance sheet and as determined in accordance with generally accepted principles of accounting;
- (g) The term "Consolidated Surplus" shall mean the sum of earned surplus and paid-in capital surplus of the Company and its subsidiaries, if any, as determined from the balance sheet of the Company or, if the Company shall have subsidiaries, then from a consolidated balance sheet in accordance with generally accepted principles of accounting;
- (h) The term "outstanding", when used in reference to shares of stock, shall mean issued shares, excluding shares held by the Corporation or a subsidiary;
- (i) The amount of dividends "accrued" on any share of Preferred Stock as at any quarterly dividend date shall be deemed to be the amount of any unpaid dividends accumulated thereon to and including such quarterly dividend date, whether or not earned or declared, and the amount of dividends "accrued" on any share of Preferred Stock as at any date other than a quarterly dividend date shall be calculated as the amount of any unpaid dividends accumulated thereon to and including the last preceding quarterly dividend date, whether or not earned or declared, plus an amount equivalent to interest on the par value of such share at the annual dividend rate for the period after such last preceding quarterly dividend date to and including the date as of which the calculation is made;
  - (j) Any class or classes of stock of the Company shall be deemed to rank
  - (i) Prior to the Preferred Stock, if the holders of such class or classes shall be entitled in respect of dividends or upon liquidation, dissolution or winding-up to receive amounts in preference or priority to the holders of the Preferred Stock;
  - (ii) On a parity with the Preferred Stock (whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share thereof be different from those of the Preferred Stock), if the holders of such class or classes of stock shall be entitled in respect of dividend or upon liquidation, dissolution or winding-up to receive amounts in proportion to their respective dividend rates or liquidation prices without preference or priority one over the other with respect to the holders of the Preferred Stock;
  - (iii) Junior to the Preferred Stock, if the rights of the holders of such class or classes shall be subject or subordinate to the rights of the holders of the Preferred Stock in respect of the receipt of dividends or amounts distributable upon liquidation, dissolution or winding-up.

The Company will reimburse the holders of shares of Preferred Stock who are residents of Pennsylvania for personal property taxes which shall be assessed in Pennsylvania upon such shares, not exceeding, however, in the aggregate, eight mills per annum on each dollar of the taxable value of each such share of Preferred Stock; provided that such tax shall have been actually paid by such holders and application for reimbursement made in the manner prescribed therefor in the Amended Certificate of Incorporation.

## COMMON STOCK

### Dividenda

Whenever at any time full cumulative dividends for all past dividend periods and for the then current dividend period shall have been paid or declared and set apart for payment on the then outstanding Preferred Stock, and, after complying with all the provisions with respect to the annual sinking fund for the Preferred Stock, the Board of Directors may declare and pay dividends on the Common Stock, subject to the limitations on the payment of dividends on any class or classes of stock junior to the Preferred Stock referred to under the subheading "Dividends" under the heading "Preferred Stock".

## Limitations in any Indentures or other Agreements on the Payment of Dividends

Under the Term Loan Agreements described under the caption herein entitled "Description of Funded Debt", the Company has agreed not to pay any dividends upon, make any distribution

to, or purchase or otherwise acquire for a valuable consideration, any shares of its capital stock, if (a) any amount of principal or interest be due and payable, at the time, in respect of the principal of, or interest on the Notes or (b) the aggregate amount of dividends, including the proposed dividend, and capital stock acquisitions subsequent to October 31, 1948, shall exceed the sum of (i) the aggregate net income of the Company earned subsequent to October 31, 1948, (ii) the aggregate net consideration received by the Company from the sale of capital stock subsequent to October 31, 1948 (other than the original issue of 1,000,000 shares of Common Stock and 40,000 shares of Preferred Stock with Warrants attached), and (iii) the sum of \$620,000. In addition, under the Term Loan Agreements, the Company is required to maintain the excess of its current assets over its current liabilities at an amount at least equal to whichever is the greater of (i) \$4,000,000, or (ii) 150% of the aggregate amount of its outstanding indebtedness due more than 12 months thereafter or extendable or renewable at the option of the obligor to a date more than 12 months thereafter.

### Voting Rights

The holders of the Common Stock, with one vote for each share (except for cumulative voting at elections of Directors), shall have exclusive voting power for all purposes and the holders of the Preferred Stock shall have no voting rights whatsoever and shall not be entitled to notice of any meeting or of any action to be taken by the Company or by its stockholders, except as required by law and except as provided in the Amended Certificate of Incorporation as hereinabove indicated under the sub-caption "Preferred Stock." At all elections of Directors, however, each holder of Common Stock is entitled to as many votes as shall equal the number of his shares of stock multiplied by the number of Directors to be elected and such holder may cast all of such votes for a single Director or may distribute them among the number to be voted for, or any two or more of them, as such holder may see fit.

### Liquidation Rights

Upon any liquidation, dissolution or winding-up of the Company, after payment shall have been made in full to the Preferred Stock as provided under the subheading "Liquidation Rights" under the heading "Preferred Stock", but not prior thereto, the holders of the Common Stock shall be entitled to share ratably in any and all assets remaining to be paid or distributed to the exclusion of the holders of the Preferred Stock.

### Preemptive or other Subscription Rights

Holders of the Common Stock have no preemptive or other rights to subscribe for any additional shares of capital stock of the Company.

### Liability to Further Calls or Assessments

The shares of Common Stock are full-paid and non-assessable and are not liable to further calls and assessments.

## Other Provisions

The Common Stock carries no conversion privileges and it is not subject to redemption.

## WARRANTS FOR THE PURCHASE OF COMMON STOCK AND SCRIP CERTIFICATES

Each certificate representing shares of \$3.00 Cumulative Preferred Stock will have attached a non-detachable Warrant for the purchase of Common Stock of the Company. The Warrants will initially provide for the right to purchase one share of Common Stock for each share of Preferred Stock, at the purchase price of \$11.25 per share as stated on the face of the Warrants.

The Warrants will be exercisable in whole and not in part and will become void after January 15, 1954 or upon acquisition by the Company through redemption or otherwise of the shares of Preferred Stock to the certificates for which the Warrants are attached. The Warrants will contain provisions designed to protect them against dilution in certain events, including stock dividends, the change as a whole of the Common Stock into the same or different number of shares, with or without par value, or into shares of any other class or classes of stock, and the issuance of stock with respect to the Common Stock, pursuant to the terms of a consolidation or merger of the Company, with, or a transfer by the Company of its property as an entirety to, another corporation, and the number of shares receivable upon the exercise of the Warrants may be adjusted from time to time in accordance with such provisions. The Company is not to be required to issue fractional shares of Common Stock upon exercise of the Warrants. The holder of a Warrant shall be entitled, upon exercise thereof, to receive a scrip certificate in

bearer form with respect to the fraction of a share purchased upon exercise of a Warrant. Such scrip certificate may at any time prior to the close of business on the 31st day of December in the second calendar year after the date of issue be combined with other scrip certificates and be exchanged for one or more full shares of the Common Stock, subject to the terms and conditions of the scrip certificates. Neither the holders of the Warrants nor of the scrip certificates are to have, by reason of their ownership thereof, any rights as a stockholder or any rights to dividends or other distribution. Reference is made to page 4 of this Prospectus for information as to the use of proceeds derived from the sale of shares of Common Stock pursuant to the exercise of the Warrants.

\$50 of the consideration of \$50.10 per unit to be received by the Company for the 40,000 shares of Preferred Stock with Non-Detachable Warrants is to be credited to the Preferred Stock Capital Account and the balance of 10¢, the consideration for the Warrant, is to be credited to the Capital Surplus Account. The payment of \$134,000 for services of the Underwriters in connection with the financing is to be charged against the Capital Surplus Account.

Of the consideration to be received for each share of the Common Stock offered hereby, and for each share of the Common Stock issued upon the exercise of the Warrants, \$1.00 is to be credited to Common Stock Capital Account and the balance, after deducting the expenses in connection with the issue, will be credited to the Capital Surplus Account.

### UNDERWRITING ARRANGEMENTS

The Company has entered into an Underwriting Agreement with the several Underwriters named below whereby the Company has agreed, on the terms of and subject to the conditions specified in such Agreement, to sell to the Underwriters severally an aggregate of 40,000 shares of \$3.00 Cumulative Preferred Stock with non-detachable Common Stock Purchase Warrants and 1,000,000 shares of Common Stock and the several Underwriters have severally agreed, on the terms of and subject to the conditions specified in such Agreement, to purchase from the Company the respective numbers of shares of Preferred Stock with Non-Detachable Warrants and Common Stock set forth below opposite the respective names of such Underwriters, at the respective purchase prices hereinafter specified:

Number of Shares

Names of the Several Underwriters	Addresses	of Preferred Stock with Non-Detachable Warrants to be Purchased	Number of Shares of Common Stock to be Purchased
Reynolds & Co.	120 Broadway New York 5, N. Y.	3,200	80,000
A. C. Allyn & Company, Inc.	100 West Monroe Street Chicago 3, Ill.	1,350	35,000
Arthurs, Lestrange & Klima	Union Trust Building Pittsburgh 19, Penna.	100	2,500
Auchincloss, Parker & Redpath	729 15th Street, N.W. Washington 5, D. C.	400	10,000
Ball, Burge & Kraus	Union Commerce Building Cleveland 14, Ohio	640	16,000
Bidele, Whelan & Co.	1606 Walnut Street Philadelphia 3, Penna.	80	2,000
Bioren & Co.	1508 Walnut Street Philadelphia 2, Penna.	100	2,500
Blair & Co., Inc.	44 Wall Street New York 5, N. Y.	400	10,000
Boenning & Co.	1606 Walnut Street Philadelphia 3, Penna.	<b>32</b> 0	8,000
Bond & Goodwin, Inc.	63 Wall Street New York 5, N. Y.	200	5,000
Branch, Cabell & Company	814 East Main Street Richmond 17, Va.	300	<i>7</i> ,500
Brooke & Co.	15th & Locust Streets Philadelphia 2, Penna.	200	5,000
Buckley Securities Corporation	1420 Walnut Street Philadelphia 2, Pa.	80	2,000

Names of the Several Underwriters	Addresses	Number of Shares of Preferred Stock with Non-Detachable Warrants to be Purchased	Number of Shares of Common Stock to be Purchaser
Burr & Company, Inc.	57 William Street New York 5, N. Y.	100	2,500
Butcher & Sherrerd	1500 Walnut Street Philadelphia 2, Penna.	500	12,500
H. M. Byllesby & Company, Incorporated	135 South LaSalle Street Chicago 3, Ill.	100	2,500
Cohû & Co.	1 Wall Strect New York 5, N. Y.	200	5,000
George R. Cooley & Co., Inc.	100 State Street Albany 7, N. Y.	200	5,000
Crouse & Company	Penobscot Building Detroit 26, Michigan	200	5,000
S. K. Cunningham & Co., Inc.	Commonwealth Building Pittsburgh 22, Penna.	200	5,000
Paul H. Davis & Co.	10 South LaSalle Street Chicago 3, Ill.	800	20,000
Dempsey-Tegeler & Company	407 North 8th Street St. Louis 1, Mo.	100	2,500
Dittmar & Company	South Texas Building San Antonio 6, Texas	400	10,000
Dixon & Company	1411 Chestnut Street Philadelphia 2, Penna.	100	2,500
Doolittle & Co.	Liberty Bank Building Buffalo 2, N. Y.	120	3,000
Drexel & Co.	1500 Walnut Street Philadelphia 1, Penna.	1,350	35,000
Francis I. duPont & Co.	1 Wall Street New York 5, N. Y.	160	4,000
Eastman, Dillon & Co.	15 Broad Street New York 5, N. Y.	1,450	37,500
A. G. Edwards & Sons	409 N. Eighth Street St. Louis 1, Mo.	80	2,000
Emanuel, Deetjen & Co.	52 William Street New York 5, N. Y.	100	2,500
Clement A. Evans & Co. Inc.	First National Bank Building Atlanta 3, Georgia	<b>20</b> 0	5,000
Farwell, Chapman & Co.	208 South LaSalle Street Chicago 4, Ill.	400	10,000
Ferris & Company	Washington Building Washington 5, D. C.	120	3,000
First California Company	300 Montgomery Street San Francisco 20, Calif.	400	10,000
The First Cleveland Corp.	National City Bank Building Cleveland 14, Ohio	400	10,000
Fraser, Phelps & Co.	Hospital Trust Building Providence 3, R. I.	80	2,000
M. M. Freeman & Co., Inc.	262 S. 15th Street Philadelphia 2, Penna.	120	3,000
Glover & McGregor, Inc.	Union Trust Building Pittsburgh 19, Penna.	<b>20</b> 0	5,000
Grubbs, Scott & Company, Inc.	Union Trust Building Pittsburgh 19, Penna.	80	2,000
Hallowell, Sulzberger & Co.	111 South Broad Street Philadelphia 7, Penna.	80	2,000
Harriman Ripley & Co., Incorporated	63 Wall Street New York 5, N. Y.	1,700	45,000
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Names of the Several Underwriters	Addresses	Number of Shares of Preferred Stock with Non-Detachable Warrants to be Purchased	Number of Shares of Common Stock to be Purchased
Hayden, Stone & Co.	25 Broad Street New York 4, N. Y.	1,350	35,000
Hill, Richards & Co.	621 South Spring Street Los Angeles 14, Calif.	200	5,000
Hornblower & Weeks	40 Wall Street New York 5, N. Y.	1,200	30,000
Harold H. Huston & Co.	Hoge Building Seattle 4, Wash.	200	5,000
Jenks, Kirkland & Co.	1421 Chestnut Street Philadelphia 2, Penna.	160	4,000
Edward D. Jones & Co.	300 North 4th Street St. Louis 2, Mo.	1,000	10,000
Kay, Richards & Company	Union Trust Building Pittsburgh 19, Penna.	200	5,000
Kidder, Peabody & Co.	17 Wall Street New York 5, N. Y.	1,450	37,500
H. G. Kuch & Company	Widener Building Philadelphia 7, Penna.	80	2,000
Laird, Bissell & Meeds	Du Pont Building Wilmington 99, Del.	200	5,000
Lee Higginson Corporation	40 Wall Street New York 5, N. Y.	1,350	35,000
Laurence M. Marks & Co.	49 Wall Street New York 5, N. Y.	1,450	37,500
The Marshall Company	762 North Water Street Milwaukee 2, Wisc.	200	5,000
Mason-Hagan, Inc.	1108 E. Main Street . Richmond 10, Va.	120	3,000
Mason, Moran & Company	135 S. LaSalle Street Chicago 3, Ill.	460	11,500
A. E. Masten & Company	First National Bank Building Pittsburgh 22, Penna.	200	5,000
Merrill, Turben & Co.	Union Commerce Building Cleveland 14, Ohio	300	<i>7,</i> 500
The Milwaukee Company	207 East Michigan Street Milwaukee 2, Wisc.	400	10,000
Moroney, Beissner & Co.	812 Rusk Avenue Houston 2, Texas	80	2,000
W. H. Newbold's Son & Co.	1517 Locust Street Philadelphia 2, Penna.	140	3,500
Newburger & Co.	1342 Walnut Street Philadelphia 7, Penna.	200	5,000
Pacific Company of California	623 South Hope Street Los Angeles 14, Calif.	300	7,500
Paul & Lynch .	123 South Broad Street Philadelphia 9, Penna.	80	2,000
Peltason, Tenenbaum Co.	803 Landreth Building St. Louis 2, Mo.	200	5,000
Penington, Colket & Co.	123 S. Broad Street Philadelphia 9, Penna.	160	4,000
Piper, Jaffray & Hopwood	115 South 7th Street Minneapolis, Minn.	800	20,000
Prescott, Hawley, Shepard & Co., Inc.	114 Guardian Building Cleveland 14, Ohio	200	5,000

	Names of the Several Underwriters	Addresses	Number of Shares of Preferred Stock with Non-Detachable Warrants to be Purchased	Number of Shares of Common Stock to be Purchased
	Putnam & Co.	6 Central Row Hartford 4, Conn.	200	5,000
	Rambo, Close & Kerner, Inc.	1518 Locust Street Philadelphia 2, Penna.	120	3,000
	Reed, Lear & Co.	Grant Building Pittsburgh 19, Penna.	80	2,000
***	Irving J. Rice & Company, Inc.	First National Bank Building St. Paul 1, Minn.	80	2,000
Ţ	H. A. Riecke & Co., Inc.	1528 Walnut Street Philadelphia 2, Penna.	80	2,000
	E. H. Rollins & Sons, Incorporated	40 Wall Street New York 5, N. Y.	1,350	35,000
	A. J. Sailer & Co.	113 South 5th Street Philadelphia 6, Penna.	80	2,000
	Scherck, Richter Company	Landreth Building St. Louis 2, Mo.	100	2,500
	Shields & Company	44 Wall Street New York 5, N. Y.	800	20,000
	Sills, Minton & Company, Incorporated	209 South LaSalie Street Chicago 4, Ill.	480	12,000
	I. M. Simon & Co.	315 North 4th Street St. Louis 2, Mo.	200	5,000
	Singer, Deane & Scribner	Union Trust Building Pittsburgh 19, Penna.	300	7,500
	Smith, Hague & Co.	Penobscot Building Detroit 26, Mich.	400	10,000
	Stein Bros. & Boyce	6 South Calvert Street Baltimore 2, Md.	480	12,000
	Stifer, Nicolaus & Company, Incorporated	314 North Broadway St. Louis 2, Mo.	200	5,000
	Stix & Co.	509 Olive Street St. Louis 1, Mo.	100	2,500
	Strader, Taylor & Co., Inc.	Peoples National Bank Building Lynchburg, Va.	200	5,000
	Straus & Blosser	135 South LaSalle Street Chicago 3, Ill.	. 600	15,000
	Sutro & Co.	407 Montgomery Street San Francisco 4, Calif.	480	12,000
	Sweney, Cartwright & Co.	Huntington Bank Building Columbus 15, Ohio	100	2,500
	Thayer, Baker & Co.	Commercial Trust Building Philadelphia 2, Penna.	80	2,000
it	Union Securities Corporation	65 Broadway New York 6, N. Y.	1,450	<i>37</i> ,500
	Wagenseller & Durst, Inc.	626 South Spring Street Los Angeles 14, Calif.	<b>24</b> 0	6,000
	G. H. Walker & Co.	1 Wall Street New York 5, N. Y.	1,350	35,000
	Harold E. Wood & Company	First National Bank Building St. Paul 1, Minn.	200	5,000
	Woodcock, McLear & Co.	1518 Walnut Street Philadelphia 2, Penna.	100	2,500
	Wurts, Dulies & Co.	1416 Chestnut Street Philadelphia 2, Penna.	160	4,000
			40,000	1,000,000

The purchase price per unit or share which the Underwriters are to pay to the Company for the units of Preferred Stock with Non-Detachable Warrants and shares of Common Stock purchased by them is \$50.10 and \$8.00, respectively.

The Company is to pay the Underwriters, in consideration of services rendered by the Underwriters in connection with the financing, \$134,000, or a sum equivalent to \$3.35 per unit, for each of the 40,000 units of Preferred Stock with Warrants attached. Based upon the amount to be paid by the Underwriters to the Company for the 40,000 units of Preferred Stock with Warrants attached and the public offering price of such 40,000 units set forth on the cover page of this Prospectus, the net amount to be received by the Underwriters from the Company in this connection will be \$130,000, or a sum equivalent to \$3.25 per unit.

None of the above Underwriters controls, is controlled by, or is in common control with, the Company. However, attention is called to the facts that, as stated under the caption "The Promotion of the Company", Reynolds & Co. may be deemed to be the "promoter" of the Company, as that term is defined in the General Rules and Regulations of the Securities and Exchange Commission, that Mr. Norbert A. McKenna, a General Partner of Reynolds & Co., is a director of the Company and that Mr. Herbert W. Grindal, a General Partner of Reynolds & Co., may become a director of the Company.

Payment for and delivery of the 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1,000,000 shares of Common Stock to be purchased from the Company is to be made on a closing date (to be designated by Reynolds & Co., as Representative of the several Underwriters, hereinafter called the "Representative") not later than seven days after the first day of the public offering, unless a later date is agreed to or unless the Representative elects to postpone the closing pursuant to a right to do so, under certain conditions, conferred upon it in the Agreement.

Reference is made to the caption "Application of Proceeds" in respect of the Company's plan to purchase the assets, subject to certain liabilities, of Bryant, Day & Night and Payne, by means of demand notes for an aggregate of \$10,870,000, with payment of such notes to be made out of the proceeds from the payment by the Underwriters for the Preferred Stock and the Common Stock and the proceeds of the Term Loans described under the caption "Description of Funded Debt".

The Underwriting Agreement provides that the several obligations of the Underwriters are subject to certain conditions, including approval by counsel of the legality of the Preferred Stock and the Common Stock, as well as of certain other legal matters, and there being no material adverse change prior to the closing date in the financial position or general affairs of the Company, other than changes in the regular course of business, from that set forth in the Registration Statement and in this Prospectus, or except as referred to in the Registration Statement and in this Prospectus.

Underwriters who have agreed to purchase, on the terms of and subject to the conditions specified in the Underwriting Agreement, in the aggregate at least 40% of the shares of Preferred Stock and Common Stock agreed to be sold, may also in its or their own unrestricted discretion cancel and terminate their rights and any obligations that they may have under the Underwriting Agreement by notice to the Company at any time up to the effective date of the Underwriting Agreement.

The Underwriting Agreement provides that it shall become effective at 10:00 A.M., Eastern Standard Time, on the seventh day (excluding any Saturday, Sunday or legal holiday) following the date upon which the Registration Statement becomes effective or at 6:00 P.M., Eastern Standard Time, on the day on which the Representative shall first release any newspaper advertisement relating to the Preferred Stock and the Common Stock for publication on the succeeding day, whichever shall be the earlier; such time and date being defined in the Underwriting Agreement as the "effective date" thereof. Accordingly, the Underwriters will not become irrevocably bound to purchase the Preferred Stock and Common Stock until the aforesaid effective date.

The transaction will not be consummated unless all of the 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1,000,000 shares of Common Stock to be sold by the Company are purchased by the Underwriters.

The Underwriting Agreement contains provisions whereby (a) the Company agrees to indemnify each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Securities Act against certain types of civil liability arising in connection with the Registration Statement or this Prospectus or under the "Blue Sky" laws of certain states; and (b) each Underwriter similarly agrees to indemnify the Company and each of its officers and directors, and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act against certain types of civil liability arising in connection with the Registration Statement or this Prospectus or under the "Blue Sky" laws of certain states with respect to written information furnished to the Company by such Underwriter for the purpose.

By the Underwriting Agreement, the Underwriters have agreed, subject to the terms and conditions thereof, to make a public offering not later than the seventh full business day after the effective date of the Registration Statement, of the 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1,000,000 shares of Common Stock to be sold by the Company.

Reference is made to the caption in this Prospectus entitled "Terms of Offering" for the prices and manner of such public offering.

The Company has agreed to pay all expenses incidental to the performance of its obligations under this Agreement; and to pay, to the extent of \$6,000, subject to certain conditions, any expenses that may be incurred by the Underwriters in connection with qualifying or registering the Preferred Stock with Non-Detachable Warrants and the Common Stock for sale under the laws of the various states.

The Company has agreed, subject and subsequent to the purchase by the Underwriters of the 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1,000,000 shares of Common Stock, and subject to funds being lawfully available therefor, that the Board of Directors of the Company will declare a dividend of 221/4¢ per share on the Common Stock, payable on April 1, 1949 to the holders of record on March 15, 1949.

The Company has agreed, at the request of the Representative within two years, and subject to the purchase by the Underwriters of the 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1,000,000 shares of Common Stock, at the Company's expense, promptly to use its best efforts to procure the listing, on such National Securities Exchange or Exchanges as the Representative may specify, of the shares of Preferred Stock (with Non-Detachable Warrants, to the extent that such Warrants are then outstanding) and Common Stock and for their registration under the Securities Exchange Act of 1934, as amended. The Representative has informed the Company that it intends to request the Company to list the shares of Preferred Stock and Common Stock on the New York Stock Exchange within such two year period and as soon as, in the opinion of the Representative, a sufficiently broad distribution of the Preferred Stock and Common Stock has been effected.

The Company has agreed to pay Reynolds & Co. 1%, or \$40,000, of the principal amount of the Term Loans referred to under the caption "Description of Funded Debt" for services in connection with negotiating such Term Loans; such payment to be made in two equal installments, payable at the time of the consummation of the Term Loans and one year thereafter. A copy of such agreement is filed as an Exhibit to the Registration Statement.

Reference is made to the caption "Control and Management", wherein it is stated that Mr. Norbert A. McKenna, a General Partner of Reynolds & Co., is a director of the Company and that Mr. Herbert W. Grindal, a General Partner of Reynolds & Co., may become a director of the Company. In so far as the Underwriting Agreement may permit indemnification of Mr. McKenna and Mr. Grindal (if he should become a director) for liabilities arising under the Securities Act of 1933, as amended, or for the breach by the Company of any of its warranties set forth in the Underwriting Agreement, the Company has been advised that, in the opinion of the Securities and Exchange Commission, it is against public policy, as expressed in that Act, and therefore unenforceable. In the event that a claim for indemnification as aforesaid is asserted by the Representative against the Company, the Company, unless the question has already been determined by controlling precedent, will submit to a court of appropriate jurisdiction the question whether such indemnification, to the extent of Mr. McKenna's and Mr. Grindal's participation therein, is against public policy as expressed in the Act and will be governed by the final adjudication of such court on such issue. Reference is also made to the caption "Indemnification".

For the complete provisions of the Underwriting Agreement, reference is hereby made to a copy thereof filed as an Exhibit to the Registration Statement and which is incorporated herein by reference. The foregoing summary is qualified in its entirety by such reference.

### TERMS OF OFFERING

The Company is advised as follows:

The 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1,000,000 shares of Common Stock to be purchased by the Underwriters from the Company, pursuant to the Underwriting Agreement, will be initially offered, severally by the Underwriters, for sale at the respective initial public offering prices stated on the cover page of this Prospectus, when, as and if issued and delivered, and subject to the approval of legal proceedings by counsel, to allotment and prior sale, to withdrawal, cancellation or modification of the offering without notice, and to the further terms of offering herein set forth. Such shares may subsequently be offered at a price or prices other than the respective initial public offering prices to the extent that in the discretion of Reynolds & Co., as Representative of the Underwriters, changes in market conditions render desirable such other price or prices.

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All or a part of the aforesaid 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1,000,000 shares of Common Stock may be offered to members of a Selling Group. consisting of certain dealers (in which any or all of the Underwriters may be included), and of which, if formed, Reynolds & Co. is to be the Manager. If Reynolds & Co. decides that such a Selling Group be formed the proposed members thereof are to be afforded the opportunity of entering subscriptions with the Manager, subject to allotment by the Manager, for the purchase of the Preferred Stock with Non-Detachable Warrants and Common Stock severally from one or more of the Underwriters at the respective initial offering price, less a concession of not in excess of \$2.00 per unit in the case of the Preferred Stock with Non-Detachable Warrants and 75¢ per share in the case of the Common Stock. If such a Selling Group is formed, the Selling Group Agreement (hereinafter called the "Selling Agreement") will provide that (1) out of such concessions members may reallow to any dealer who is a member of the National Association of Securities Dealers, Inc., not in excess of 25¢ per unit of the Preferred Stock with Non-Detachable Warrants and per share of the Common Stock, respectively, if it is to be retained by such dealer and not reallowed in whole or in part; (2) all or any part of such concessions may be allowed by members on sales to Reynolds & Co., acting for the accounts of the several Underwriters, and, after the subscription books have been closed, all or any part of the concession may be allowed by members on sales to other members or to Underwriters; and (3) the Selling Group is to terminate on the twentieth day after the initial public offering date, unless extended by the Manager for a period of not more than ten days; provided, however, that the Manager may terminate the Selling Group at any time. The Selling Agreement will likewise provide that each member, at any time or times prior to the termination thereof, will, upon request of the Manager sell to the Manager, at the respective initial public offering prices thereof less amounts to be determined by the Manager, but not in excess of the respective selling concession, as many of the shares which were purchased by such member and which remain unsold as the Manager may designate.

The Underwriters have agreed that, if a Selling Group is formed in connection with the Preferred Stock with Non-Detachable Warrants and Common Stock, the Underwriters, in making direct sales of any Preferred Stock with Non-Detachable Warrants and Common Stock will be governed by the terms and conditions applicable to members of the Selling Group. If there shall be no Selling Group, the Underwriters, in making direct sales of Preferred Stock with Non-Detachable Warrants and Common Stock prior to the termination of the Agreement Among Underwriters or such earlier time as Reynolds & Co. may fix, will sell such shares at the respective initial public offering prices. During such period the Underwriters, on sales to qualified dealers, may reallow not in excess of 25¢ per unit of the Preferred Stock with Non-Detachable Warrants and per share of the Common Stock, respectively, and, on sales to Reynolds & Co. acting for the accounts of the several Underwriters, and, after such time as Reynolds & Co. may fix, on sales to other Underwriters, may allow a concession of not in excess of \$3.25 per unit in the case of the Preferred Stock with Non-Detachable Warrants and \$1.25 per share in the case of the Common Stock.

The Selling Agreement contains a provision that the aggregate concession payable to Selling Group Members in respect of units or shares purchased and paid for by them will be held by the Manager for the account of such members and will be paid to them after the termination of such Agreement, except that, as to any units or shares delivered to respective members thereunder and units or shares which the Manager believes have been substituted therefor which for the account of any Underwriter the Manager may purchase or contract to purchase prior to the termination of such Agreement, or which may be delivered against a purchase contract made by the Manager for the account of any Underwriter, prior to the termination of such Agreement, the Manager shall not be obligated to pay the concession to which the Selling Group Member would have been entitled if such units or shares had been placed with persons who had retained them.

The Representative is authorized by the Agreement Among Underwriters, for their several accounts, to over-allot and to buy and sell shares of Preferred Stock with Non-Detachable Warrants (which shares of Preferred Stock, either with or without Warrants attached, are hereinafter under the caption "Terms of Offering", sometimes referred to as the "Preferred Stock") and Common Stock, in the open market or otherwise, in each case for either long or short account and at such respective prices as the Representative in its discretion deems desirable, it being understood that such purchases and sales shall be made for the account of each of the Underwriters as nearly as practicable in proportion to the number of shares of Preferred Stock and Common Stock which each Underwriter has severally agreed to purchase; provided, however, that at no time shall the commitment of any Underwriter pursuant to such authorization, for long or short account, exceed 10% of the number of shares of Preferred Stock and Common Stock which each Underwriter has severally agreed to purchase as indicated under the caption "Underwriting Arrangements", except that each Underwriter has agreed to assume its proportionate share of the commitment pursuant to such authorization of any Underwriter which defaults in its obligations. Each Underwriter has agreed

to sell to the Representative, upon its request, for the several accounts of the Underwriters, during the term of the Agreement Among Underwriters and at the respective initial public offering prices, less amounts to be determined by the Representative, but not in excess of the respective selling concessions, all or any part of the shares of Preferred Stock and Common Stock which then remain unsold, if in the opinion of the Representative such action is desirable in order to enable the Representative, on behalf of the several Underwriters, to deliver Preferred Stock and Common Stock for their account pursuant to such Agreement. Each Underwriter has agreed that it will, upon request, take up at cost until the settlement of accounts under the Agreement, for carrying purposes only, shares purchased by the Representative for its account, and upon the request of the Representative, that it will deliver to the Representative shares sold for its account through overallotment or otherwise. The Representative is to have full discretionary power to pay commissions in connection with such purchases and sales as it may deem proper and to charge the respective accounts of the Underwriters with any such commissions on purchases and sales effected by it. Such Agreement is to terminate twenty days after the termination of the Selling Agreement, unless extended for a period of not more than ten days from such date, provided, however, that the Representative may terminate such Agreement at any time.

The purpose of the provisions referred to in the foregoing paragraph is to facilitate the offering of the Preferred Stock and Common Stock, by effecting transactions in the Preferred Stock and Common Stock in the manner set forth above, for the purpose of attempting to stabilize the price thereof. The 40,000 shares of Preferred Stock and 1,000,000 shares of Common Stock represent new issues of securities, for which there has not previously existed any market, and the Underwriters may be initially a dominating influence and thereafter a factor of decreasing importance in markets for the Preferred Stock and Common Stock. Under such circumstances, the respective market or bid or asked prices of such shares may not be prices determined solely by supply and demand, but may be prices in excess thereof, determined by the Underwriters in their own interest in connection with the distribution. If stabilizing transactions are effected, at the expiration of the stabilization period such markets may cease to have the support theretofore furnished by the Underwriters. The foregoing is not an assurance that the prices of the Preferred Stock and Common Stock will be stabilized or that the stabilizing, if commenced, may not be discontinued at any time.

Each Underwriter has agreed that, during the term of the Agreement Among Underwriters, it will make no purchases or sales of Preferred Stock and Common Stock for its own account (other than shares of Preferred Stock and Common Stock which it has agreed to purchase and which are not sold to Selling Group Members) except with the consent of the Representative; but such agreement does not extend to unsolicited brokerage transactions.

In accordance with the Agreement Among Underwriters, Reynolds & Co., as compensation for services rendered and to be rendered to the Underwriters, is to receive from each Underwriter amounts equal to 25¢ and 15¢, respectively, per share on the number of shares of Preferred Stock and Common Stock which each Underwriter has agreed to purchase as herein set forth.

For the complete provisions of the Agreement Among Underwriters and of the Selling Agreement, reference is made to the copies thereof filed as Exhibits to the Registration Statement and which are incorporated herein by reference. The foregoing summaries are qualified in their entirety by such reference.

### LITIGATION

No material legal proceedings are pending in which the Company, Bryant, Day & Night or Payne are parties and so far as is known to the Company or to the officers of Bryant, Day & Night and Payne, no such proceedings are contemplated.

## LEGAL OPINIONS

The legality of the Preferred Stock, the Common Stock and the Common Stock Purchase Warrants will be passed upon for the Company by Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, Midland Building, Cleveland 15, Ohio, and for the Underwriters by Messrs. Townsend & Lewis, 120 Broadway, New York 5, New York.

### **EXPERTS**

The balance sheet of Affiliated Gas Equipment, Inc. as of October 31, 1948, and the financial statements and schedules of Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company as of or for the period of three years ended October 31, 1948, included in the Registration Statement, as listed under the heading "Index to Financial Statements", and the information contained in the Prospectus under the caption "Summary of Combined Earnings"

with respect to (1) Bryant Heater Company for the periods from January 1, 1939 to October 31, 1948, (2) Day & Night Manufacturing Company for the periods from January 1, 1945 to October 31, 1948, and (3) Payne Furnace Company for the periods from February 1, 1945 to October 31, 1948, have been included by the Company herein and in the Registration Statement in reliance upon the reports of Messrs. Ernst & Ernst, independent public accountants, given upon the authority of such firm as experts in auditing and accounting. Said firm will receive fees for services rendered to the Company. According to the information furnished to the Company by said firm, neither the firm nor any member thereof has or is to receive any interest of a substantial nature in, or is an officer or employee of the Company or any affiliate thereof, or has been employed upon a contingent basis.

The engineering survey of the business and assets of Bryant, Day & Night and Payne referred to on Page 15 of this Prospectus, was prepared by Messrs. Sanderson & Porter, engineers. Said firm has informed the Company it has no interest of a substantial nature in the Company, that it is not to receive any interest as payment for any statement prepared or certified by it, that no partner or employee of Messrs. Sanderson & Porter is an officer or employee of the Company, and that it has not been employed on a contingent basis.

### INDEX TO FINANCIAL STATEMENTS

The following financial statements and schedules are included in the Prospectus:

Unaudited	
Pro forms balance sheet giving effect as of October 31, 1948, to the proposed purchase of all the assets subject to all the liabilities of Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company by Affiliated Gas Equipment, Inc. and to certain other transactions	<b>Page</b> 42-43
Audited	
Affiliated Gas Equipment, Inc.	
Balance sheet	41
Bryant Heater Company Day & Night Manufacturing Company Payne Furnace Company	
Balance sheets	42-43
Profit and loss statements:	
Year ended October 31, 1948	45 46 47
Statements of surplus	48
Supplementary profit and loss information:	
Year ended October 31, 1948 Year ended October 31, 1947 Year ended October 31, 1946	51 52 53

The following schedules are omitted from the Prospectus, but have been filed with the Registration Statement:

Bryant Heater Company
Day & Night Manufacturing Company
Payne Furnace Company

Property, plant, and equipment

Reserves for depreciation and amortization of property, plant, and equipment

Reserves

1:4(4

77

Capital shares

39

### ACCOUNTANTS' REPORTS

Board of Directors, Affiliated Gas Equipment, Inc., Cleveland, Ohio.

We have examined the balance sheet of Affiliated Gas Equipment, Inc. as of October 31, 1948. Our examination was made in accordance with generally accepted auditing standards, and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet presents fairly the financial position of Affiliated Gas Equipment, Inc. at October 31, 1948, in conformity with generally accepted accounting principles.

ERNST & ERNST
Certified Public Accountants

Cleveland, Ohio November 22, 1948

Board of Directors, Affiliated Gas Equipment, Inc., Cleveland, Ohio.

We have examined the individual and combined balance sheets of Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company as of October 31, 1948, the individual and combined statements of profit and loss and surplus of those companies for the period of three years then ended, and the schedules listed in the accompanying index. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheets and related statements of profit and loss and surplus present fairly the individual and combined financial position of Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company at October 31, 1948, and the individual and combined results of their operations for the period of three years then ended, in conformity with generally accepted accounting principles consistently maintained except that charges for overall management services were not included during 1948, as outlined in Note C to the financial statements. Further, it is our opinion that the schedules previously referred to present fairly the required information.

We also have reviewed the amounts included in the tabulation of net sales and operating results (set forth in the Prospectus under the heading "Summary of Combined Earnings") with respect to (1) Bryant Heater Company for the periods from January 1, 1939 to October 31, 1948, (2) Day & Night Manufacturing Company for the periods from January 1, 1945 to October 31, 1948, and (3) Payne Furnace Company for the periods from February 1, 1945 to October 31, 1948, which tabulation, as to the periods referred to in the first paragraph, was compiled from the financial statements included herewith and reported on above, and as to the periods (1) from January 1, 1939 to October 31, 1945, with respect to Bryant Heater Company, (2) from January 1, 1945 to October 31, 1945, with respect to Day & Night Manufacturing Company, and (3) from February 1, 1945 to October 31, 1945, with respect to Payne Furnace Company was compiled from financial statements of those companies examined by us in a manner similar to that reported on above. In the compilation of this tabulation, allocation has been made, to the years affected, of certain adjustments which were previously reflected in earned surplus in the period in which determined. In our opinion, the tabulation with respect to Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company, for the respective periods covered by our examinations of the financial statements of those companies, presents fairly the summarized results of their operations in conformity with generally accepted accounting principles consistently maintained except that charges for overall management services were not included during 1948, as outlined in Note C to the financial statements.

ERNST & ERNST
Certified Public Accountants

Cleveland, Ohio January 4, 1949

REPRODUCED AT THE NA

## BALANCE SHEET AFFILIATED GAS EQUIPMENT, INC.

October 31, 1948

#### **ASSETS**

Deferred expenses in connection with organization and registration—estimated \$85,000

## LIABILITIES AND CAPITAL

### Liabilities:

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## Capital Stock-Note B:

Common stock, par value \$1.00 a share: Authorized—2,000,000 shares Issued —None

\$85,000

Note A—Reference is made to the Prospectus for information (1) relative to agreements with Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company for the purchase of all of the assets and assumption of all of the liabilities of each of those corporations as of October 31, 1948, subject to adjustments resulting from the operations of the respective corporations subsequent thereto and prior to the consummation of the respective purchases, and (2) relative to agreements with insurance companies for long-term loans in the aggregate principal amount of \$4,000,000.

Note B—Prior to the effective date of the Registration Statement, 40,000 shares of \$3.00 Cumulative Preferred Stock will be authorized by an amendment to the Certificate of Incorporation of the Company. Reference is made to the statements in this Prospectus under the caption "Description of Capital Shares" for information as to the terms and provisions of such Cumulative Preferred Stock.

# BALANCE SHEETS OF BRYANT HEATER COMPANY, DAY & NIGHT MANUFACTURING COMPANY, AND PAYNE FURNACE COMPANY, AND COMBINED BALANCE SHEET OF SUCH COMPANIES

### All as of October 31, 1948

PRO FORMA BALANCE SHEET OF AFFILIATED GAS EQUIPMENT, INC. (Giving effect as of October 31, 1948, to the proposed transactions described in the notes hereto)

Pro Forma

			Balance Sheets as	of October 31, 194	8	Proposed Transactions  Debit Credit  (Parenthetical Numbers  Refer to  Accompanying Notes)		Balance Sheet of Affiliated Gas Equipment,
		Bryant Heater Company	Day & Night Manufacturing Company	Payne Farnace Company	Combined			Inc. as of October 31, 1948 (Unaudited)
	ASSETS Current Assets							
	Cash	\$ 747,347	\$ 360,763	\$ 185,521	\$ 1,293,631	\$10,004,000(2) 4,000,000(3)	\$10,870,000(5) 1,600,000(6)	\$ 2.827.631
•	Accounts receivable—trade	\$ 1,837,039 27,186	\$ 1,164,407 26,908	\$ 990,046 50,780	\$ 3,991,492 104,874		-,,(-,	\$ 3,991,492 104,874
	Accounts receivable—parent and affiliated companies Inventories—Note A:	\$ 1,809,853 22,700	\$ 1,137,499 512	\$ 939,266 1,189	\$ 3,886,618 24,401		2,530(7)	\$ 3,886,618 21,871
t	Finished products and parts In-process products and parts Raw materials and supplies	\$ 810,129 2,172,710 577,584	\$ 553,174 258,148 1,032,592	\$ 1,187,524 236,998 390,053	\$ 2,550,827 2,667,856 2,000,229			\$ 2,550,827 2,667,856 2,000,229
		\$ 3,560,423	\$ 1,843,914	\$ 1,814,575	\$ 7,218,912			<b>\$ 7,218,912</b>
	Total Current Assets	\$ 6,140,323	\$ 3,342,688	\$ 2,940,551	\$12,423,562			\$13,955,032
	Other Assets		•					
	Miscellaneous receivables, etc	6,153	21,914	3,021	31,088			31,088
	(The excess (\$755,271) of the aggregate purchase price over the carrying amount of the net assets acquired (as shown by the books of the respective companies) was allocated to property, plant and equipment accounts.)							
	Property, plant, and equipment  Less reserves for depreciation and amortization	\$ 2,282,439 867,347	\$ 1,161,825 312,501	\$ 912,803 378,981	\$ 4,357,067 1,558,829	755,271(1) 1,558,829(1)	1,558,829(1)	3,553,509
	Total Fixed Assets	\$ 1,415,092	\$ 849,324	\$ 533,822	\$ 2,798,238			
	Prepaid insurance, deferred taxes, etc	\$ 55,982 27,859	\$ 57,706 	\$ 31,493 74,927	\$ 145,181 102,786	40,000(4)		\$ 185,181 102,786
	Total Deferred Charges	\$ 83,841	\$ 57,706	\$ 106,420	\$ 247,967			\$ 287,967
		\$ 7,645,409	\$ 4,271,632	\$ 3,583,814	\$15,500,855	_	_	\$17,827,506
		-						

LIABILITIES, CAPITAL SHARES, AND SURPL	us			•		3	
Current Liabilities Demand promissory notes payable		•				*** *** ***	
Accounts payable	\$ 664,360	\$ 378,776	\$ 184,276	\$ 1,227,412	\$10,870,000(5)	\$10,870,000(1)	\$ 1,227,412
Notes and accounts payable—parent and affiliated	,,	•	• • • •	<b>4</b> 1,227,112			4 1,227,412
companies	55,110	553,140	1,054,441	1,662,691	2,530(7)		
Accrued liabilities:					1,600,000(6)		60,161
Pay rolls and other compensation	\$ 228,433	\$ 259,144	\$ 151,339	\$ 638,916			\$ 638,916
Taxes, other than taxes on income	14,583 52,153	59,641	37,242	111,466 52,153			111,466 52,153
Other	43,086	21,072	69,609	133,767		293,630(4)	427,397
	\$ 338,255	\$ 339,857	\$ 258,190	\$ 936,302		220,000	\$ 1,229,932
Federal taxes on income—estimated	845,310	523,411	191,000	1,559,721			1,559,721
Total Current Liabilities	\$ 1,903,035	\$ 1,795,184	\$ 1,687,907	\$ 5,386,126			\$ 4,077,226
Long-Term Debt							
Notes payable maturing in installments of varying amounts from February 1, 1950 to February 1, 1964						4,000,000(3)	4,000,000
Capital Shares and Surplus						4,000,000(3)	4,000,000
Capital shares:							
Original preferred stock, par value \$10.00 a share:							
Authorized and outstanding 15,000 shares		\$ 150,000		\$ 150,000	150,000(1)		
7% preferred stock, par value \$10.00 a share: Authorized and outstanding 17,500 shares		175,000		175,000	175,000(1)		
6% preferred stock, par value \$10.00 a share:		175,000		175,000	17 0,000(1)	•	
Authorized 32,500 shares; outstanding 16,375							
shares		163,750		163,750	163,750(1)		
\$3.00 cumulative preferred stock, par value \$50.00 a share:	•			r.			
Authorized and outstanding 40,000 shares						2,000,000(2)	\$ 2,000,000
Common stock, without par value:							
Authorized and outstanding 500 shares Stated Capital	\$ 500			500	500(1)		
Common stock, par value \$10.00 a share:	\$ 300	•		300	300(1)		
Authorized and outstanding 5,000 shares		50,000		50,000	50,000(1)		
Common stock, par value \$1.00 a share:			4 05 000	25 000	25 000(1)		
Authorized and outstanding 25,000 shares Common stock, par value \$1.00 a share:			\$ 25,000	25,000	25,000(1)		
Authorized 2.000.000 shares							
Outstanding 1,000,000 shares						1,000,000(2)	1,000,000
	\$ 500	\$ 538,750	\$ 25,000	\$ 564,250			\$ 3,000,000
Surplus:	e 1 100 ns4	•	e 004 140	e 2.075 102	2.075.102/11	7,004,000(2)	
Capital surplus	\$ 1,188,954	<b></b> ;	\$ 886,148	\$ 2,075,102	2,075,102(1) 253,630(4)	7,004,000(2)	6,750,370
Earned surplus	4,552,920	1,937,698-	984,759	7,475,377	7,475,377(1)		
•	\$ 5,741,874	\$ 1,937,698	\$ 1,870,907	\$ 9,550,479			
Total Capital Shares and Surplus	\$ 5,742,374	\$ 2,476,448	\$ 1,895,907	\$10,114,729			\$ 9,750,370
	\$ 7,645,409	\$ 4,271,632	\$ 3,583,814	\$15,500,855			\$17,827,596
				*****			

See Notes to Financial Statements and Proposed Transactions Given Effect to in the pro forma Balance Sheet.

### AFFILIATED GAS EQUIPMENT, INC.

# Proposed Transactions Given Effect to in the Pro Forma Balance Sheet as of October 31, 1948

The proposed transactions to which effect has been given in the pro forma balance sheet are as follows:

(1) The purchase by Affiliated Gas Equipment, Inc., as of October 31, 1948, of all the assets, subject to all the liabilities, of Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company for an aggregate purchase price of \$10,870.000, to be evidenced by demand promissory notes. The excess of the aggregate purchase price over the carrying amount of the net assets acquired (as shown by the books of the respective companies) was allocated to property, plant and equipment accounts, as follows:

Land	
Buildings Machinery, equipment, etc	417,279
Total	\$755,271

For the purpose of recording this adjustment, the capital stock accounts and surplus accounts (representing excess of assets over liabilities) of Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company have been eliminated.

- (2) The sale by Affiliated Gas Equipment, Inc. of (1) 1,000,000 shares of its Common Stock, par value \$1.00 a share, at \$9.25 a share less underwriting commissions of \$1.25 a share, and (2) 40,000 shares of \$3.00 Cumulative Preferred Stock, par value \$50.00 a share at \$50.10 a share.
- (3) The borrowing of \$4,000,000 by Affiliated Gas Equipment, Inc. evidenced by notes payable maturing in installments of varying amounts from February 1, 1950 to February 1, 1964. Reference is made to the section "Description of Funded Debt" elsewhere in the Prospectus.
- (4) Provision for (a) estimated expenses, excepting underwriting discounts or commissions, of Affiliated Gas Equipment, Inc. in the total amount of \$119,630 in connection with the organization of the Company, the acquisition of assets, the Term Loans and the issuance and distribution of the securities offered by this Prospectus, (b) the payment of \$134,000 to be made by the Company to the Underwriters for services rendered by the Underwriters in connection with the financing, and (c) the \$40,000 commission which the Company has agreed to pay to Reynolds & Co. for negotiating the Term Loans. The aforesaid commission of \$40,000 has been recorded herein as a deferred charge.
  - (5) The payment of demand promissory notes. See Note (1).
  - (6) The payment of notes payable to Dresser Industries, Inc.
- (7) The elimination of inter-company accounts between Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company.

## PROFIT AND LOSS STATEMENTS

Year ended October 31, 1948

•	Bryant Heater Company	Day & Night Manufacturing Company	Payne Furnace Company	Combined
Gross sales, less discounts, returns and allowances—Note D	\$14,886,552	\$9,058,615	\$5,226,093	\$29,171,260
and G	11,270,452	6,254,948	3,385,218	20,910,618
	\$ 3,616,100	\$2,803,667	\$1,840,875	\$ 8,260,642
Selling, engineering, general and administrative expenses—Notes C, E, F, and G Provision for doubtful accounts	\$ 1,920,178 —	\$1,434,494	\$1,304,941 25,746	\$ 4,659.613 25,746
	\$ 1,920,178	\$1,434,494	\$1,330,687	\$ 4,685,359
	\$ 1,695,922	\$1,369,173	\$ 510,188	\$ 3,575,283
Other income:				
Adjustments to reserve for doubtful accounts and property and related reserves to conform to income tax basis Interest earned	\$ 130,245 3,228 87 \$ 133,560	\$	\$ 3,741 1,540 \$ 5,281	\$ 130,245 7,148 7,992 \$ 145,385
	\$ 1,829,482	\$1,375,717	\$ 515,469	\$ 3,720,668
Other deductions:				
Interest expense	\$ 63,825	\$ 5,801	\$ 16,759	\$ 86,385
assets—net	1,590 22	1,634 14,596	142* 81	3,082 14,699
	\$ 65,437	\$ 22,031	\$ 16,698	\$ 104,166
Profit Before Federal Taxes On Income	\$ 1,764,045	\$1,353,686	\$ 498,771	\$ 3,616,502
Federal taxes on income-estimated:				
Provision for the year		\$ 514.000 1,804	\$ 191,000 6,855*	\$ 1,325,000 45,188
	\$ 670,239	\$ 515,804	\$ 184.145	\$ 1,370,188
Net Profit-Note C	\$ 1,093,806	\$ 837,882	\$ 314,626	\$ 2,246,314

^{*} Indicates red figures.

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See notes to financial statements.

PROFIT AND LOSS STATEMENTS

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Year ended October 31, 1947

	Bryan Heater Compa	r	Man	y & Night sufacturing ompany	F	Payne urnace ompany		Combined
Gross sales, less discounts, returns and allowances—Note D	\$11,986,	642	\$6	,784,713	<b>\$</b> 5	,178,323	\$2	3,949,678
and G	9,026,	775	4	,813,494	3	,121.201	. 1	6.961.470
	\$ 2,959,	867	\$1	,971,219	\$2	,057,122	\$	6,988,208
Selling, engineering, general and administrative expenses—Notes E, F, and G Provisions for doubtful accounts	<b>\$</b> 1,458,	395 <del>-</del>	\$	962,589 17,698	\$1	,208,513 24,599	\$	3,629,497 <b>4</b> 2,297
	\$ 1,458,	395	\$	980,287	\$1	,233,112	\$	3,671,794
•	\$ 1,501,	472	\$	990,932	\$	824,010	\$	3,316,414
Other income:								
Interest earned		169 688	\$	1,486 35,295	\$	821 2,323	\$	8,476 38,306
	\$ 6,	857	\$	36,781	\$	3,144	\$	46,782
	\$ 1,508,	329	\$1	,027,713	\$	827,154	\$	3,363,196
Other deductions:								
Interest expense	\$	4	\$	5,886	\$	7,551	\$	13,441
assets—net	-	290 <b>*</b> -		4,218 6,638		878 —		4,806 6,638
	\$	286*	\$	16,742	\$	8,429	\$	24,885
Profit Before Federal Taxes On Income	\$ 1,508,	615	\$1	,010,971	\$	818,725	\$	3,338,311
Federal taxes on income-estimated:								
Provision for the year	\$ 574, 177,		\$	375,000 9,848	\$	310,000 1,396	\$	1,259,000 188,771
•	\$ 751,	527	\$	384,848	\$	311.396	\$	1,447,771
Net Profit	<b>\$</b> 757,		\$	626,123	\$	507,329	\$	1,890.540

^{*} Indicates red figures.

See Notes to Financial Statements.

# PROFIT AND LOSS STATEMENTS Year ended October 31, 1946

	Bryant Heater Company	Ma (	y & Night nufacturing Company Note H)	F	Payne furnace ompany	c	Combined
Gross sales, less discounts, returns and allowances—Note D	\$ 9,155,252	\$.	5,254,120	\$3	3,161,387	\$1	7,570,759
Cost of goods sold—Notes A, D, E, F, and G	7,654,895	4	<b>1,29</b> 9,571	2	2,096,508	1	4,050,974
<b>.</b>	\$ 1,500,357	\$	954,549	\$1	,064,879	\$	3,519,785
Selling, engineering, general and adminis- trative expenses—Notes E, F, and G Provisions for doubtful accounts, and	1,089,825	\$	<b>760,8</b> 01	\$	874,495	\$	2,725,121
reduction in reserve for doubtful ac-	67,991*		11,030		14,892	42,069	
	\$ 1,021,834	\$	771,831	\$	889,387	\$	2,683,052
	\$ 478,523	\$	182,718	\$	175,492	\$	836,733
Other income:							
Interest earned	\$ 41,335	\$	2,075	\$	997	\$	44,407
—net	165 <b>3,36</b> 8		40,109 28,438		86,047 3,399		126.321 35,205
	\$ 44,868	\$	70,622	\$	90,443	\$	205,933
	\$ 523,391	\$	253,340	\$	265,935	\$	1,042.666
Other deductions:							
Interest expense	\$ 11,590 36	\$	8,149 9,708	\$	5,893 4,192	\$	25,632 13,936
	\$ 11,626	\$	17,857	\$	10,085	\$	39,568
Profit Before Federal Taxes On Income	\$ 511,765	\$	235,483	\$	255,850	\$	1,003,098
Federal taxes on income-estimated- Note 1:							
Provision for the year:  Federal normal income tax and	164.000	· s	79,000	s	85,000	s	328.000
surtax Federal excess profits tax Refundable taxes on income of prior years arising from carry-back of operating losses and unused excess	164,000 17,000	ð	17,000	Þ	11,000	•	45,000
profits tax credits	 		2,500*				2,500*
Adjustments for prior years	\$ 181,000 190*	\$	93,500 9,895*	\$	96,000 4,955	\$	370,500 5,130*
	\$ 180,810	\$	83,605	\$	100,955	\$	365,370
Net Profit	\$ 330,955	\$	151,878	\$	154,895	\$	637,728

^{*} Indicates red figures.

See Notes to Financial Statements.

# STATEMENTS OF SURPLUS Period of three years ended October 31, 1948

	Bryant Heater Company	Day & Night Manufacturing Company (Note H)	Payne Furnace Company	Combined
Capital Surplus				
Balances at beginning and end of period — no change during period	\$1,188,954	\$ <b>—</b>	\$ 886,148	\$2,075,102
Earned Surplus				
Balances at beginning of period — Note I Net profit for the year ended October	\$2,439,871	\$ 368,215	\$ 30,909	\$2,838.995
31, 1946	330,955	151,878	154,895	637,728
Balances at October 31, 1946	\$2,770,826	\$ 520,093	\$ 185,804	\$3,476,723
Net profit for the year ended October 31, 1947	757,088	626,123	507,329	1,890,540
Balances at October 31, 1947	\$3,527,914	\$1,146,216	\$ 693,133	\$5,367,263
Net profit for the year ended October 31, 1948	1,093,806	837,882	314,626	2,246.314
	\$4,621,720	\$1,984,098	\$1,007,759	\$7,613,577
Deduct cash dividends paid: Original preferred stock—\$.99 a share 7% preferred stock— 6% preferred stock— Common stock— 137.60 a share Common stock— 92 a share	\$ 68,800	\$ 14,956 17,449 13,995	\$ 23,000	\$ 14,956 17,449 13,995 68,800 23,000
•	\$ 68,800	\$ 46,400	\$ 23,000	\$ 138,200
Balances at end of period	\$4,552,920	\$1,937,698-J	\$ 984,759	\$7,475,377

See Notes to Financial Statements.

# BRYANT HEATER COMPANY, DAY & NIGHT MANUFACTURING COMPANY, AND PAYNE FURNACE COMPANY

#### Notes to Financial Statements

Note A—Inventories are stated generally on the basis of average cost (not in excess of market). Opening and closing inventories (priced on the foregoing basis) used in computing cost of goods sold were as follows:

	Bryant Heater Company	Day & Night Manufacturing Company	Payne Furnace Company
November 1, 1945	\$ 551.862	\$ 648,287	\$ 340,344
October 31, 1946	2.130.697	857.799	774,533
October 31, 1947	3.495.115	1.070.741	1.063.134
October 31, 1948	3,560,423	1.843.914	1.814.575

Note B — Property, plant, and equipment are stated at cost less reserves for depreciation and amortization, and include amounts representing fully amortized war emergency facilities, as follows:

Bryant Heater Company Payne Furnace Company	
Total	\$150,097

Note C — Charges to these companies for overall management services (see schedule of supplementary profit and loss information) of Dresser Industries, Inc. were discontinued as of October 31, 1947. During part of the year 1948, payments for overall management services were made by the three companies, which payments were refunded by Dresser Industries, Inc. prior to October 31, 1948. If charges for overall management services for the year 1948, had been made on the same basis as for preceding years, they would have aggregated approximately \$350,000 or \$217,000 after federal taxes on income, and the net profit for that year would have been reduced accordingly.

Note D — Sales and cost of goods sold include amounts representing inter-company sales (between the three companies) as follows:

	Deles Hom		
Years ended:	Bryant	Day & Night	Payne
	Heater	Manufacturing	Furnace
	Company	Company	Company
October 31, 1946	207,074	\$ 1,863	\$23,785
October 31, 1947		22,440	51,733
October 31, 1948	308,554	6,167	54,323

It is estimated that the amounts of inter-company profit, if any, remaining in the inventories, at either the beginning or end of the periods covered by the profit and loss statements, were not material

There were no other inter-company transactions of a material nature between the three companies.

## Note E - Depreciation, retirements, etc.:

Provisions for depreciation (not including emergency facilities, the cost of which was amortized over the period ended September 30, 1945) were computed on the basis of the estimated service lives, principally as to each individual asset or group of assets, with the result that varying rates were applied to assets of a similar character but having different remaining lives, and, therefore, it is not practicable to state the rates used in computing provisions for depreciation.

Maintenance, repairs, and renewals were charged to operating expenses, whereas betterments were capitalized. The general policy of the companies has been to relieve property accounts and related reserves, for properties retired or otherwise disposed of at amounts included in those accounts.

Note F—See schedule of "Supplementary Profit and Loss Information" for information as to charges for maintenance and repairs, depreciation and amortization of fixed assets, taxes (other than income and excess profits taxes), management and service contract fees, rents, and royalties.

Note G—Incentive compensation plans, which have been in effect for a number of years, provide that the companies set aside varying percentages of net income for the payment of additional compensation to officers and key men of the companies. The funds so provided were allocated as determined by the Boards of Directors of the respective companies. The amounts

### Notes to Financial Statements (Continued)

so provided by the companies for the periods covered by the profit and loss statements were as follows:

Officers: Years ended:	Bryant Heater Company	Day & Night Manufacturing Company	Payne Furnace Company
October 31, 1946	\$29,023	\$12,150	\$ 9.450
	68,035	44.145	42.851
	83,070	51,894	26,623
Employees: Years ended:			
October 31, 1946	12.889	3,600	3.150
	17,784	21,350	15.849
	32,365	25,9 <b>2</b> 5	<b>5,05</b> 5

Note H — During the period from December 31, 1943, to October 31, 1946, Day & Night Manufacturing Company had a wholly-owned subsidiary which was dissolved as of the latter date. The accounts of such subsidiary have been consolidated in the financial statements with those of Day & Night Manufacturing Company for the year ended October 31, 1946.

Note I — The balances shown in earned surplus at beginning of period have been adjusted from those previously reported to give effect in the period affected to certain adjustments which were previously reflected in earned surplus in the period in which determined. A summary of the changes follows:

	Bryant Heater Company	Day & Night Manufacturing Company
Balances previously reported	\$2,536,862	\$353,514
Net charge resulting from settlement of renegotiation for the fiscal year 1945	96,991*	_
tax basis		14,701
Balances reported herein	\$2,439,871	<b>\$3</b> 68,215

### · Indicates red figure.

In the determination of taxable income the Bureau of Internal Revenue included certain items of income and expense in periods other than those in which such items were included in profit and loss by the respective companies. With respect to Bryant Heater Company, taxable income, for the year ended October 31, 1946, was decreased approximately \$280,000 (taxable income, for the year ended October 31, 1945, was increased by approximately the same amount). Reallocation of such items has not been made in the profit and loss statements included herein.

Note J-Dividends on the various classes of capital stock (all of which were owned by Dresser Industries, Inc. at October 31, 1948) were in arrears at October 31, 1948, as follows:

On original preferred stock	\$1.10	2	share	\$16,544
On 7% preferred stock -	1.10	a	share	19,301
			share	15,480
Total				\$51,325

Note K—The amount of unpaid costs of past service benefits under the Pension Plan is estimated to be \$54,000 and is payable in annual installments of approximately equal amounts during the next six years.

## SUPPLEMENTARY PROFIT AND LOSS INFORMATION

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## Year ended October 31, 1948

COL. A	COL.	В	COL. C		COL. D
	CHARGED D			CHARGED TO THER ACCOUNTS	
Item	(1) To Costs or Operating	(2)	(1)	(2)	<b></b>
	Expenses	Other	Account	Amount	Total
Bryant Heater Company					
Maintenance and repairs  Depreciation and amortization of fixed assets  Taxes, other than income and excess profits taxes:		\$ 2,251 9,475			\$ 40,295 169,826
Social security taxes	\$ 41,603	\$ 11,254			\$ 52,857
Franchise taxes Property and miscellaneous taxes		3,760 5,731			3,760 58,746
	\$ 94,618	\$ 20,745			\$115,363
Management and service contract fees	61,600 11,725	33,571			95,171 11,725
Day & Night Manufacturing Company					
Maintenance and repairs  Depreciation and amortization of fixed assets  Taxes, other than income and excess profits taxes:	73,799	\$ 8,462 9,083			\$116,924 82,882
Social security taxes		\$ 13,839			\$ 69,661
Franchise taxes Property and miscellaneous taxes		28.455 2,595			28,455 42,827
	\$ 96,054	\$ 44,889			\$140,943
Management and service contract fees		14,270			26,113 4,166
Payne Furnace Company				er	
Maintenance and repairs	24,138	\$ 24,725 15,982			\$ 83,903 40,120
Social security taxes	\$ 15,347	\$ 18,508 22,337			\$ 33.855 22,337
Property and miscellaneous taxes	·	8,538			29,112
	\$ 35,921	\$ 49,383			\$ 85,304
Management and service contract fees	11,228	19,212			30,440 4,863

Note A—The three companies, together, have four leases for terms expiring more than three years from October 31, 1948. The aggregate annual rent under such leases is approximately \$35,000.

## SUPPLEMENTARY PROFIT AND LOSS INFORMATION

Year ended October 31, 1947

COL. A	COL	. B	COI	C	COL. D
	CHARGED D	IRECTLY AND LOSS	CHARGED TO OTHER ACCOUNT		<del></del>
Itam	(1) To Costs or Operating	(2)	(1)	(2)	
	Expenses	Other	Account	Amount	Total
Bryant Heater Company					
Maintenance and repairs  Depreciation and amortization of fixed assets  Taxes, other than income and excess profits taxes:	\$ 42,001 119,196	\$ 2,695 6,107			\$ 44,696 125,303
Social security taxes	\$ 37,329	\$ 9,767			\$ 47,096
Franchise taxes Property and miscellaneous taxes	33,821	3,447 1,242			3,447 35,063
Management and service contract fees — Note A Rents Royalties	\$ 71,150 53,638 8,184	\$ 14,456 163,000 10,817			\$ 85,606 163,000 64,455 8,184
Day & Night Manufacturing Company					
Maintenance and repairs  Depreciation and amortization of fixed assets  Taxes, other than income and excess profits taxes:	\$109,683 58,198	\$ 3,416 5,759			\$113,099 63,957
Social security taxes Franchise taxes Property and miscellaneous taxes	\$ 47,820  29,568	\$ 10,866 7,453 3,613			\$ 58,686 7,453 33,181
Management and service contract fees - Note A	\$ 77,388	\$ 21,932 92,000			\$ 99.320 92,000
Rents Royalties	6,224 3,651	11,554		÷.	17,778 3,651
Payne Furnace Company					
Maintenance and repairs  Depreciation and amortization of fixed assets  Taxes, other than income and excess profits taxes:	\$ 74,132 20,113	\$ 16.052 12,607			\$ 90,184 32,720
Social security taxes Franchise taxes Property and miscellaneous taxes	\$ 31,717 	\$ 29,118 8,287 7,608			\$ 60,835 8,287 21,128
Management and service contract fees — Note A Rents	\$ 45,237 6,556 2,027	\$ 45,013 71,000 8,547	٠		\$ 90.250 71,000 15.103 2,027

Note A — Represents portion of overall management expense of Dresser Industries, Inc. (parent company) charged to these companies.

## SUPPLEMENTARY PROFIT AND LOSS INFORMATION

Year ended October 31, 1946

COL. A	COL.	B	COL. C		COLD	
	CHARGED DIRECTLY TO PROFIT AND LOSS		CHARGED TO OTHER ACCOUNTS		<del></del>	
. Item	(1) To Costs or Operating Expenses	(2) Other	(1)	(2)	Total	
	DAPERISES	Outer	Account	Amount	1000	
Bryant Heater Company						
Maintenance and repairs  Depreciation and amortization of fixed assets  Taxes, other than income and excess profits taxes:	\$ 28,203 55,520	\$ 1,479 3,690			\$ 29.68 59,21	
Social security taxes Franchise taxes	\$ 19,481	\$ 8,687 3,035			\$ 28.16 3.03	
Property and miscellaneous taxes	2,457	340			2,79	
Management and service contract fees - Note A		\$ 12,062 132,000			\$ 34.00 132,00	
Rents Royalties	19,200 10,676	5,514 —			24,71 10,62	
Day & Night Manufacturing Company and Subsidiary						
Maintenance and repairs	50,437	\$ 2,234 4,340			\$ 82.20 54,7	
Social security taxes Franchise taxes	\$ 40,891 —	\$ 10,491 2,757			\$ 51.38 2.7	
Property and miscellaneous taxes	<b>37,7</b> 01	4,351			42,0	
Management and analysis of the Management	\$ 78,592	\$ 17,599			\$ 96.19	
Management and service contract fees — Note A Rents	5.911	87,000 9,923			87,00 15.83	
Royalties	1,007				1,00	
ayne Furnace Company				•		
Maintenance and repairs  Depreciation and amortization of fixed assets	\$ 64.007 15,509	\$ 9,990 6,734			\$ 73.99 22,24	
Taxes, other than income and excess profits taxes: Social security taxes Franchise taxes	\$ 22,108	\$ 24.334 2.670			\$ 46,4 2.6	
Property and miscellaneous taxes	10,591	5,856			16.4	
Management and applies assessed for a N : A	\$ 32,699	\$ 32.860			\$ 65,5	
Management and service contract fees — Note A Rents	2.000	46,000 4,719			<b>4</b> 6,00	
Royalties	2,120				2.12	

Note A — Represents portion of overall management expense of Dresser Industries, Inc. (parent company) charged to these companies.

### ADDITIONAL INFORMATION CONTAINED IN THE REGISTRATION STATEMENT

The Registration Statement which is on file with the Securities and Exchange Commission. Washington, D. C., includes certain additional information relative to the Company as well as certain additional financial statements. There are also on file with the Commission certain exhibits which include, among others, copies of the Certificate of Incorporation, the By-Laws, opinion of counsel and certain contracts.

AFFILIATED GAS EQUIPMENT, INC.

By LYLE C. HARVEY

President

A-13434

DEPARTMENT OF STOCK LIST NEW YORK STOCK EXCHANGE

## AFFILIATED GAS EQUIPMENT, INC.

COMMON STOCK (Par Value \$1.00 Per Share)

> Cleveland 10. Ohio March 7, 1950

Affiliated Gas Equipment, Inc., a Delaware corporation (hereinafter called the "Company"), hereby applies for listing on the New York Stock Exchange of:

200,000 additional shares of Common Stock of the par value of \$1.00 per share, upon official notice of issuance, in connection with the private placement hereinafter referred to,

making the total number of shares of Common Stock heretofore listed and to be listed hereunder:

1,265,000 shares of said Common Stock of a par value of \$1.00 per share.

Reference is made to Application A-13179, the last previous listing Application of the Company, dated February 25, 1949.

### AUTHORITY FOR AND PURPOSE OF ISSUANCE

On March 7, 1950, the Board of Directors of the Company authorized the issuance and sale by private placement to a small group of investment trusts and private investors of two hundred thousand (200,000) shares of its unissued Common Stock at a price to yield the Company net cash proceeds of Ten Dollars and Twenty-five Cents (\$10.25) per share. Pursuant to this authority the Company has made arrangements through Reynolds & Co., investment bankers, to so dispose of said shares. No further authorization is required by law or by the Company's Certificate of Incorporation or by its By-Laws for the issuance and sale of said shares. The transaction will not involve any public offering of said shares by the Company.

The net amount of consideration to be received by the Company for the sale of said shares is the sum of Two Million Fifty Thousand Dollars (\$2,050,000). These net proceeds, together with the net proceeds of additional term loans recently made by the Company in the aggregate amount of One Million One Hundred Thousand Dollars (\$1,100,000) will be used to reimburse the Treasury of the Company for amounts expended and to be expended in the purchase of the recently acquired plant of the Company at Indianapolis, Indiana, and its equipment, totaling approximately Two Million Dollars (\$2,000,000), and for working capital and general corporate purposes.

Of said sum of \$2,050,000 to be received by the Company for the sale of said 200,000 shares of Common Stock, \$200,000 will be credited to Common Stock Capital Account and the sum of \$1,850,000 to the Capital Surplus Account of the Company. The corresponding debit entry will be to Cash in the sum of \$2,050,000. The Company has no present plans for disposition of the Capital Surplus so created.

### OPINION OF COUNSEL

Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, of Cleveland, Ohio, General Counsel for the Company, have passed upon the legality and validity of the issuance of the above mentioned shares of Common Stock covered by this Application. Mr. William A. McAfee, a member of said firm, is a Director of the Company. Said counsel have advised that, in their opinion, when the above mentioned Common Stock has been issued in accordance with the authorization of the Board of Directors referred to above, said shares of Common Stock will be duly authorized, duly and lawfully issued, fully paid and non-assessable, and that under the laws of the State of Delaware, in which the Company is incorporated and under the laws of the State of Ohio in which the Company's principal place of business is located, no personal liability for obligations of the Company will attach to the holders thereof by reason of their ownership of such shares. Said counsel have further advised that in their opinion the proposed issuance of such shares constitutes an exempt transaction under the Securities Act of 1933 and the Regulations issued thereunder. A copy of the above mentioned opinion of counsel has been filed with the New York Stock Exchange.

#### AFFILIATED GAS EQUIPMENT, INC. - PAGE TWO

### STATUS UNDER FEDERAL ACTS

Application for registration on Form 8-A under the Securities and Exchange Act of 1934 for listing on the New York Stock Exchange of the shares of Common Stock, the listing of which is now being applied for, is being filed concurrently.

Said shares of Common Stock will not be registered under the Securities Act of 1933, as amended, as the Company is advised by counsel that the issuance of said shares is a transaction not involving any public offering and is an exempt transaction under Section 4(1) of said Act and therefore registration in respect thereto under said Act is unnecessary and not required.

### **BUSINESS AND PROPERTIES**

The following changes have occurred in the business of the Company since the date of said last listing application. Soon after the Company was formed in 1948, the management studied plans for the more efficient and more economical operation of its plants. Consideration was first given to the proposed consolidation of the manufacturing facilities of its Day & Night Division at Monrovia, California, and its Payne Furnace Division at Beverly Hills, California. The plants of these two divisions were located some 40 miles apart in the Los Angeles area. Efficient over-all management was difficult. Expenses of engineering, manufacturing and administration were duplicated. As the result of such consideration, during the period commencing in July 1949, and continuing through October 1949, the major portion of the equipment and the entire operations of the Payne Furnace Division of the Company formerly located at Beverly Hills, California, were transferred to the expanded Monrovia Plant of the Company and such operations are now being conducted at that location.

Since the date of said last listing application the engineering staffs of Day & Night and Payne Furnace Divisions have been consolidated at the Monrovia Plant. The combined staffs are now engaged in research directed toward a broadening of the line of products and improvement of the products presently manufactured at said Divisions. A new laboratory building equipped with the latest facilities for research work is available at the Monrovia Plant.

Approximately 40% of the plant and property at Beverly Hills, California, formerly occupied by the Payne Furnace Division of the Company, has been sold since December 31, 1949 for \$250,000 (subject to certain minor adjustments for taxes and insurance provided in the agreement of sale), and the remainder of said plant and property is largely unused and is being offered for sale at the present time.

The portion of said property which was sold constituted the older portion thereof. The land and buildings acquired from the Payne Furnace Division were carried on the books of the Company on December 31, 1949 at a net value of \$419,963.

On January 10, 1950 the Company purchased and acquired from The F. L. Jacobs Company the plant of said company located at 1100 West Twenty-First Street, Indianapolis, Indiana, and certain equipment located therein, for a net purchase price of \$827,492.33. This plant contains approximately 215,000 square feet of space, the major portion of which was constructed in 1946. This plant will be operated by the Bryant Heater Division of the Company for the manufacture of furnaces, unit heaters, water heaters and other heating equipment. The purpose of the purchase of said plant was to provide additional plant capacity for the operations of the Bryant Heater Division of the Company, so that this Division would be thereby enabled substantially to reduce its subcontracting operations, which in 1949, varied during the year from a low of 24% of output in units to a high of 64%.

The Bryant Heater Division of the Company is engaged principally in the manufacture of gas-fired boilers, furnaces, unit heaters, conversion burners and gas water heaters. During 1949 an "all weather" air conditioner and a gas-fired wall furnace were placed in production. In addition, a gas-fired steel forced air furnace, duct heater and oil-fired furnace were developed in 1949 and are now in production. A new attic furnace and space heater have also been developed and are being placed in production.

The Day & Night Division of the Company recently introduced an entirely new line of domestic water heaters and a new overhead Panelray unit heater. A new water heater in the low priced field was manufactured and sold by Day & Night in the latter part of 1949. New designs of industrial water heaters and new designs of its space heaters and water coolers were also introduced by this Division in January, 1950.

A new line of central furnaces is now in production by the Payne Furnace Division of the Company. A new floor furnace and a new line of forced-air furnaces for installation in attics and other confined spaces recently were introduced by Payne and are now in production. Work is also being completed by Payne on the development of a new line of evaporation coolers.

### AFFILIATED COMPANIES

The Company has two presently inactive wholly-owned subsidiaries. Vanguard Corporation of California, a California corporation, was organized May 7, 1949, solely for the purpose of acquiring two small parcels of real estate. Payne Furnace Company, a California corporation, was organized March 7, 1949, solely for the purpose of preempting that corporate name.

So far as the Company knows, no corporation, individual or other entity owns directly, or indirectly ten percent or more of any class of stock of the Company.

#### MANAGEMENT

The names and mailing addresses of the executive officers and directors of the Company are:

Lyle C. Harvey	1207 Oakridge Drive Cleveland Heights, Ohio	President, General Manager and Director
W. J. Bailey, Jr.	210 W. Orange Grove Arcadia, California	Vice President and Director
Philip W. Scott	RR #3, Edgewood Road Chagrin Falls, Ohio	Vice President, Secretary and Treasurer
Wm. A. McAfee	2261 Chestnut Hills Drive Cleveland Heights 6, Ohio	Director
Michel J. Fortier	13800 Fairhill Road Cleveland 20, Ohio	Director
Allen L. Billingsley	2540 Arlington Road Cleveland Heights 18, Ohio	Director
Norbert A. McKenna	830 Park Avenue New York 21, New York	Director
Francis H. Beam	2985 Morley Road Shaker Heights 22, Ohio	Director

Wm. A. McAfee is a Partner of the law firm of Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer and Hazlett, Cleveland, Ohio.

Michel J. Fortier is Vice President and General Manager of the Sherwin-Williams Company, Cleveland, Ohio.

Allen L. Billingsley is President of Fuller & Smith & Ross, Inc., Cleveland, Ohio—advertising. Norbert A. McKenna is a General Partner of Reynolds & Co., New York, N. Y., investment bankers.

Francis H. Beam is a Vice President of the National City Bank of Cleveland, Cleveland, Ohio.

### EMPLOYEE RELATIONS

The aggregate employment of the Company, exclusive of officers, as of December 31, 1949, was approximately 1880 persons, of whom approximately 1200 were nonsupervisory production employees. It is estimated that there will be an increase in the number of employees during the next six months of approximately 400 persons, primarily for employment at the Indianapolis Plant.

The production employees of the Cleveland plants of the Bryant Heater Division are represented by a local union of U. A. W.-C. I. O. for collective bargaining purposes. The agreement now in effect between this division and the union will remain in force until May 4, 1950, and thereafter from year to year, unless and until either party shall indicate its desire to terminate, change or amend the agreement by the delivery to the other of written notice not less than 60 days prior to the expiration date or at the end of any subsequent yearly period. The Company has received a notice from said union to enter negotiations with respect to a new contract.

The employees of the Tyler, Texas, plant of the Bryant Heater Division are represented by a local union of the U. A. W.-C. I. O., and the contract with this union will remain in effect until September 24, 1951, and yearly thereafter, unless and until either party shall indicate its desire to terminate, change or amend the contract, by the delivery to the other of written notice not less than 60 days prior to the expiration date or at the end of any subsequent yearly period.

As stated hereinabove, the manufacturing and research facilities of the Payne Furnace Division and the Day & Night Division have been consolidated at the Monrovia California Plant. The production employees at this plant are represented by the Metal Trades Council of Southern California (A. F. of L.) and the agreement with this Council of Unions will remain in effect until March 1, 1951, and shall be renewed from time to time thereafter unless either party thereto shall, within a period of not less than 30 days nor more than 60 days prior to any expiration date thereof, give to the other written notice of its intention to modify, amend or terminate the agreement.

#### AFFILIATED GAS EQUIPMENT, INC. - PAGE FOUR

On the basis of an estimated total hourly annual payroll of approximately \$3,470,000 for the Company, prior to wage adjustments granted in 1949, the wage increases negotiated and put into effect in 1949 would amount annually to approximately \$128,008 or 3.7% of such estimated annual payroll.

Generally, relations between the Company and its employees have been satisfactory and there have been no strikes or work interruptions in the last four years.

A Group Insurance Plan, providing life insurance, sickness and accident benefits, hospitalization and non-occupational death and dismemberment indemnities to employees, is in effect throughout the Company. The Plan is available to all employees, after a probationary period and the Company and its participating employees contribute to the cost thereof. The total cost to the Company under the Plan for the fiscal year ended December 31, 1949, was approximately \$8,477.

Salaried employees of the Company earning \$3,000 or more per annum are eligible to participate in the Company's Pension Plan. The Plan is offered to eligible employees after three years' employment. It provides for retirement at age 65. The Company and its participating employees contribute to the cost of the Plan. The maximum annuity payable to any officer or employee is \$12,000 per annum. The Plan has been approved by the Treasury Department for tax deduction purposes and is insured by the John Hancock Mutual Life Insurance Company. With respect to any one employee, the annual current service cost of the Company is that actuarily determined amount which, together with the employee's contribution, will purchase an annual annuity equal to three-tenths of such employee's contribution. The total expense applicable to the Company under the Plan for the fiscal year ended December 31, 1949 was \$56,788.12. The present liability for past service benefits under the Plan is \$52,409.83 and is payable in annual installments of approximately equal amounts during the next five years.

### STOCKHOLDER RELATIONS

All inquiries from stockholders, whether by telephone, letter, or otherwise, are answered promptly by the Company. Information with respect to dividend action is released immediately for publication. Replies to stockholder inquiries are prepared under the supervision of Mr. Philip W. Scott, Vice President, Secretary and Treasurer of the Company, and information with respect to dividend action is released by Mr. Scott after the conclusion of the directors' meeting at which such action is taken.

An annual report with added financial statements and other information, statistics, etc. of interest to stockholders, in the form of a letter from the President, is mailed to all stockholders after the close of each fiscal year and in advance of the annual stockholders' meeting. In addition it is the policy of the Company from time to time to advise its stockholders by letter of significant action taken by the Company.

The information contained in the annual report and in the quarterly earnings reports is released promptly to the press for publication.

The management of the Company solicits proxies from all its stockholders in connection with its annual and special meetings.

## DIVIDEND RECORD

Since the commencement of operations in January, 1949, the Company has paid cash dividends on its \$3.00 Cumulative Preferred Stock (par value \$50) as follows:

Date Paid	1	Amount Per Share of Preferred Stock	Total Dividends Paid
March	21, 1949	\$.51	\$ 20,400.00
june September	20, 1949 20, 1949	.75 .75	30,000.00 30,000.00
	20, 1949	.75	30,000.00
		T	otal \$110,400.00°

This sum includes \$975.00 paid as dividends with respect to Preferred shares held in its Treasury, which Preferred shares will be retired in 1950 pursuant to the Preferred Stock Sinking Fund provisions.

There are no dividend arrearages.

The Company has paid the following cash dividends on its Common Stock.

Date Paid			Amount Per Share of Common Stock	Total Dividends Paid
April	1.	1949	 \$.221/2	\$225,959.59
Tuly	25.	1949	 .15	150,637.50
July November	1.	1949	 .15	150.637.50
February			 .15	150,639.00
			To	otal \$677,873.59

It is the intention of the Board of Directors that the Company shall continue to pay quarterly dividends on its Common Stock, if the net earnings, general affairs and financial condition of the Company and general economic and other pertinent conditions warrant the same; but the amount of such dividends, if any, will depend upon the net earnings of the Company at the time of their declaration and upon other factors not presently determinable.

#### CHANGES IN CAPITALIZATION

There have been no changes in the authorized stock capitalization of the Company since the date of said last listing application.

The capitalization of the Company and its funded debt, as of December 31, 1949, and as adjusted to give effect to (a) the payment of \$200,000 in reduction of the \$4,000,000 aggregate principal amount of Term Loans authorized and outstanding at said date, (b) the additional borrowing of \$1,100,000 pursuant to the Supplemental Loan Agreements referred to herein under the caption "Funded Debt", (c) the present financing and proposed issuance of 200,000 shares of Common Stock, (d) the issuance on March 3, 1950 of 2,000 shares of Common Stock pursuant to Company's Stock Purchase Plan, and (e) the issuance and sale of 10 shares of Common Stock pursuant to the exercise of one of the Company's Common Stock Purchase Warrants, are as follows:

	December	r 31, 1949	Adjusted as above stated		
Title of Issue	Authorized	Ontstanding	Authorized	Ontstanding	
4% Term Loans		\$4,000,000	\$4,900,000	\$4,900,000	
Stock (Par Value \$50) Common Stock (Par Value	40,000 Shs.	40,000 Shs.*	40,000 Shs.	40,000 Shs.*	
\$1)	2,000,000 Shs.**	1,004,250 Shs.	2,000,000 Shs.**	1,206,260 Shs.	

^{*}This total includes 1,300 shares acquired for Preferred Stock Sinking Fund purposes and held in the Treasury of the Company for retirement.

The Board of Directors of the Company, at a meeting held on January 5, 1949, authorized the issuance and sale to Underwriters of 40,000 shares of Preferred Stock with Non-Detachable Common Stock Purchase Warrants attached and 1,000,000 shares of Common Stock. At such meeting, the Board of Directors also authorized the reservation of 40,000 shares of Common Stock for issuance upon the exercise of the Non-Detachable Common Stock Purchase Warrants attached to Certificates for Preferred Stock and the reservation of 25,000 shares of Common Stock for issuance and sale pursuant to the Company's Stock Purchase Plan.

The Company received from the above mentioned sale to Underwriters and offering of said 40,000 shares of Preferred Stock the sum of \$1,870,000. The Company also received from the sale to Underwriters and offering of said 1,000,000 shares of Common Stock the sum of \$8,000,000.

6,250 shares of said Common Stock have been issued by the Company since the date of said last listing Application to officers, directors or employees of the Company pursuant to the Company's Stock Purchase Plan. The Company received from the issuance of said 6,250 shares the sum of \$50,000.

#### OPTIONS, WARRANTS, CONVERSION RIGHTS

No options, purchase warrants, conversion rights or other commitments pursuant to which the Company may be required to issue any of its securities have been granted or entered into since the date of the last listing Application.

Reference is made to said last listing Application for a description of the provisions of the above mentioned Non-Detachable Warrants for the purchase of 40,000 shares of Common Stock of the Company. Reference is also made to said last listing Application for a description of the provisions of the above mentioned Employees' Stock Purchase Plan.

#### FUNDED DEBT

The Company entered into loan agreements (hereinafter referred to as the "Original Agreements"), dated January 6, 1949, respectively, with Massachusetts Mutual Life Insurance Company, The Penn Mutual Life Insurance Company and State Mutual Life Assurance Company of Worcester, providing for loans to the Company in the aggregate sum of \$4,000,000 and entered into loan agreements (hereinafter referred to as the Supplemental Agreements) dated February 27, 1950, respectively, with the same insurance companies, providing for additional loans in the aggregate amount of \$1,100,000, and amending and supplementing the Original Agreements in certain respects. The additional loans were consumated March 3, 1950. A summary of the terms and provisions of the Original Agreements as amended and supplemented by the Supplemental Agreements follows.

^{••} Of this amount (a) 18,750 shares are reserved for sale to officers, directors or employees of the Company, as more fully set forth under the Company's Plan entitled "Stock Purchase Plan", (of which 3.050 originally subscribed for have been released from subscription by virtue of termination of employment by three subscribers), (b) 30,990 shares are reserved for issuance upon the exercise of the Common Stock Purchase Warrants attached at the time of issuance to certificates for the Preferred Stock, entitling the holders thereof to purchase, on or before January 15, 1954, an aggregate of 40,000 shares of Common Stock, and (c) an additional indeterminate number of shares are reserved for issuance in connection with the anti-dilution provisions pertaining to the Warrants.

The foregoing loans are evidenced by promissory notes of the Company (hereinafter referred to as the "Notes") all maturing on February 1, 1964 and bearing interest at the rate of 4% per annum from the respective dates thereof until the maturity date, payable semi-annually on the first days of February and August of each year subsequent to the issuance of the Notes, and, after the maturity date, at the rate of 6% per annum until the principal amount has been paid in full.

The Original Agreements, as amended and supplemented by the Supplemental Agreements, provide that on February 1 in each of the years 1951 to 1963, inclusive, so long as any principal of the Notes shall remain unpaid, the Company will pay, without premium, on account of said principal, the sum of \$275,000, or, in case of the final payment, the amount of the unpaid principal balance if less than \$275,000. On April 15, 1951 and on April 15 of each year thereafter until (a) April 15, 1963, (b) the payment of an aggregate of \$2,550,000, or (c) the prepayment in full of the principal of the Notes, whichever is the carlier, the Company will pay, without premium, on the amount of the principal of the Notes a sum equal to whichever is the lesser of the unpaid principal balance of the Notes, or 10% of the net income (if any) after taxes of the Company for the preceding fiscal year.

On any date on which payment by the Company shall be required, the Company on written notice, may prepay, without premium, on account of the principal of the Notes, a further amount equal to the amount so required to be paid on the particular date. On February 1, 1964, the Company will pay, without premium, the entire unpaid principal balance of the Notes, if any.

The Company may likewise, at any time, prepay the Notes in full, or from time to time in part, in multiples of \$1,000, upon 30 days' prior written notice, and, upon the payment of stipulated premiums, decreasing in rate from 334% to 14%, over the term of the Notes.

The Notes are not secured by the deposit of collateral. In the Original Agreements, as amended and supplemented by the Supplemental Agreements, the Company covenants, among other things, that:

- (a) The Company will maintain the excess of its current assets over its current liabilities at an amount at least equal to whichever is greater of (i) \$4,000,000, or (ii) 150% of the aggregate amount of its outstanding indebtedness due more than 12 months thereafter or extendable or renewable, at the option of the obligor, to a date more than 12 months thereafter. (For the determination of net current assets for the purpose of this clause, only wholly owned subsidiaries are considered.)
- (b) The Company will promptly pay and discharge all lawful taxes, assessments and governmental charges or levies imposed upon it or its income or profits, or any of its property, real, personal or mixed.
- (c) The Company will keep its corporate existence, rights and franchises in full force and effect and the Company will not, and will not permit any subsidiary to, without the written consent of the holder or holders of 75% in aggregate principal amount of the Notes then unpaid, sell, lease, transfer or otherwise dispose of all or substantially all of its properties or assets to, or consolidate or merge into, any other company, corporation, partnership or individual, with certain stipulated exceptions.
- (d) The Company will keep its properties in good repair, order and working condition and, from time to time, will make any needful and proper repairs, renewals, replacements, extensions, additions, betterments and improvements.
- (e) The Company will keep all its properties and inventories which are of an insurable character insured against loss or damage by fire and other risks.
  - (f) The Company will not incur other indebtedness, with certain stipulated exceptions.
- (g) The Company will not permit any mortgage, pledge, encumbrance, lien or charge of any kind upon any of its property or assets, with certain stipulated exceptions.
- (h) The Company will not make any loans or advances except to a subsidiary and will not permit any subsidiary to make any loans or advances except to any other subsidiary or to the Company, with certain stipulated exceptions.
- (i) The Company will not pay any dividends upon, make any distribution to, or purchase or otherwise acquire for a valuable consideration, any shares of its capital stock, if (i) any amount of principal or interest be due and payable, at the time, in respect of the principal of or interest on the Notes, or (ii) the aggregate amount of dividends (treating as dividends for the purpose of this provision all dividends or distributions upon the capital stock of the Company other than stock dividends and all amounts paid or set aside for the purchase, redemption or other acquisition of any shares of any class of capital stock of the Company), including the proposed dividend, paid subsequent to December 31, 1949 shall exceed the sum of (a) the aggregate net income of the Company earned subsequent to December 31, 1949, (b) the aggregate net consideration received by the Company from the sale, subsequent to December 31, 1949, of shares of any class of capital stock of the Company, and (c) the sum of \$620,000.

The Original Agreements as amended and supplemented provide that, upon the request of the respective lenders, the Company will execute and deliver a trust indenture providing for the issue thereunder of 4% Debentures of the Company bearing interest at the rate and entitled to all substantive benefits of the Notes then outstanding, the principal amount of the Debentures to be limited to the principal amount of the Notes outstanding on the actual date of the execution of the trust indenture. After the execution and delivery of such indenture, upon surrender of a Note by the holder thereof, the Company will deliver, without charge, in exchange therefor, a Debenture or Debentures in aggregate principal amount equal to the unpaid principal amount of the Note so surrendered, having the same maturity date or dates as the Note so surrendered, or of the same or a different authorized denomination or denominations, and either in registered form without coupons or in coupon form, as such holder may elect, and bearing interest from the date to which interest shall have been paid on the Note so surrendered.

In case any event of default, as defined in the Original Agreements as amended and supplemented, shall occur, the holder or holders of 10 per cent of the Notes then unpaid may declare the unpaid balance of the Notes to be forthwith due and payable, in the manner and with the effect provided in the Original Agreements as so amended and supplemented.

The foregoing statements are summaries of certain provisions of the Original Agreements as amended and supplemented by the Supplemental Agreements and do not purport to be complete.

#### STOCK PROVISIONS

The rights, preferences, privileges and priorities of the Common Stock and of the Cumulative Preferred Stock of the Company have been summarized in said listing Application A-13179.

Limitations on payment of dividends on the Company's Common Stock are contained in the Company's charter provisions establishing the Preferred Stock issue and in the above mentioned Original and Supplemental Loan Agreements applicable to the Company's above mentioned Term Loans. The limitations contained in said charter provisions are summarized in said listing Application A-13179 and are incorporated by reference herein. The limitations contained in the Original Loan Agreements, as supplemented by the Supplemental Loan Agreements, are set forth hereinabove and are hereby incorporated by reference.

# LITIGATION

Neither the Company nor any of its subsidiaries is involved in any litigation of a material character which may affect its income from, or title to, or possession of, any of its properties.

# BUSINESS, FINANCIAL AND ACCOUNTING POLICIES

#### Audit Procedure:

The independent public accountants for the Company are Ernst & Ernst. The accountants will be elected by the Company's Board of Directors at annual meetings thereof, and they will report directly to the Board of Directors. They will make periodic audits and will have authority to examine all records and supporting evidence. Representatives of that firm will be free to but will not ordinarily attend stockholders' meetings.

The Company's chief accounting officer, Philip W. Scott, Vice-President—Secretary-Treasurer, is elected by the Board of Directors. He has authority to perform all acts usually incident to the position of said offices, including the keeping of full and accurate account of moneys received and paid by him. Mr. Scott is subject to the control of the Board of Directors to whom he reports. He ordinarily attends meetings of the Board of Directors.

### Depreciation:

Provisions for depreciation are computed on the "straight-line" method and on the basis of the estimated service lives, principally as to each individual asset or group of assets, with the result that varying rates are applied to assets of a similar character but having different remaining lives. The more important classes and average estimated lives (when new) are as follows:

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#### AFFILIATED GAS EQUIPMENT, INC. - PAGE EIGHT

Azzet Classification	Estimated Life (Years)
Land Improvements	10
Buildings	20-331/3
Machinery and Equipment	10–15
Patterns	4–10
Factory Equipment	10–15
Dies, Jigs and Fixtures	4- 63/3
Office Furniture and Fixtures	10-15
Office Machines	5–15
Automotive Equipment	4-5
Canteen Equipment	5–10
Factory Equipment—Short Life	3- 63/1
Small Tools	

#### Leases:

The business of the Company is carried on principally upon premises owned in fee. It is anticipated that total rentals will be paid for the year 1950 in the approximate amount of \$160,000. Of this amount, \$26,000 will be paid as rental for the Tyler, Texas, plant of the Bryant Heater Division, and \$31,000 will be paid for the London Road plant of the Bryant Heater Division.

#### Commitments:

It is the policy of the Company to make purchase commitments based principally upon customers' orders, releases and commitments for materials required for their products. In the opinion of the Company, its commitments are not made to an extent which may materially affect its financial position.

In the normal course of business, it is not anticipated that the Company will need to expand working capital through short-term loans.

Valuation of Inventories and Method of Computing Cost of Goods Sold:

Inventories used (1) in the computation of cost of goods sold and (2) for balance sheet purposes are priced principally at the lower of standard cost or market. Standards are periodically revised to reflect current operating conditions.

#### Consolidation:

The Company has two presently inactive wholly-owned subsidiaries. Vanguard Corporation of California, a California corporation, was organized May 7, 1949, solely for the purpose of acquiring two small parcels of real estate. Payne Furnace Company, a California corporation, was organized March 7, 1949, solely for the purpose of preempting that corporate name.

Both companies are included in the consolidated statements of the Company hereinafter set forth: Said companies employ the same principles of accounting.

#### FINANCIAL STATEMENTS

Included herein are the following financial statements:

AFFILIATED GAS EQUIPMENT, INC. AND SUBSIDIARIES Accountants' Report of Ernst & Ernst dated February 7, 1950.

Statement of Consolidated Income for the year ended December 31, 1949.

Statement of Consolidated Financial Condition dated December 31, 1949.

#### AFFILIATED GAS EQUIPMENT, INC. - PAGE NINE

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#### OPINION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors, Affiliated Gas Equipment, Inc., Cleveland, Ohio.

We have examined the statement of consolidated financial condition of Affiliated Gas Equipment, Inc. and subsidiaries as of December 31, 1949, and the related statements of consolidated income and income retained for use and growth of the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement of consolidated financial condition and statement of consolidated income present fairly the consolidated financial position of Affiliated Gas Equipment, Inc. and subsidiaries at December 31, 1949, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles.

ERNST & ERNST

Certified Public Accountants

Cleveland, Ohio February 7, 1950 ,- A-13434

#### AFFILIATED GAS EQUIPMENT, INC. - PAGE TEN

# AFFILIATED GAS EQUIPMENT, INC. AND SUBSIDIARIES

# STATEMENT OF CONSOLIDATED INCOME

# For the year ended December 31, 1949

SOURCES OF INCOME				
Sale of products Discounts and interest earned Other			\$30,900,489 110,484 18,573	99.58% .36 .06
TOTAL INCOME	• • • • • • • • • • • • •		\$31,029,546	100.00%
APPLICATION OF INCOME TO COSTS				
Materials and services purchased from others Wages, salaries and related cost of social security taxes, unemployment taxes, group insur-	\$20,487,304	66.03%		
ance and pensions	7,074,915	22.80	•	
Allowance for wear of plant, machinery and equipment (depreciation)	496,003	1.60		
State, local and general taxes	103,374	.33		
Interest on long-term debt	152,448 1,050,000	.49 3.38		
			29,364,044	94.63
REMAINDER OF INCOME (NET INCOME)	• • • • • • • • • • • • • •	•••••	\$ 1,665,502	5.37%
DIVIDENDS				
Paid during the year:				
Preferred—\$2.76 per share		109,425 527,234		
Payable February 1, 1950:				
Common—\$.15 per share		150,639	<b>787,2</b> 98	
INCOME RETAINED FOR USE AND GROW THE BUSINESS		******	\$ 878,204	

See notes to financial statements:

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#### NOTES TO FINANCIAL STATEMENTS

Note A-Inventories are priced principally at the lower of standard cost or market. Standards are periodically revised to reflect current operating conditions.

Note B—The preferred stock is \$3.00 cumulative, par value of \$50.00 per share, and the common stock has a par value of \$1.00 per share. Each share of preferred stock has attached a warrant to purchase one share of common stock at \$11.25 per share, which warrant expires December 31, 1954. The preferred stock is redeemable at \$53.00 per share to January 15, 1953, \$52.25 per share to January 15, 1958, and \$51.25 per share thereafter. The terms of the preferred stock also provide that the Corporation shall retire annually, by purchase or redemption, 3½% of the number of shares issued prior to the close of the next preceding fiscal year. Preferred stock redeemed for this purpose shall be at \$51.75 per share to January 15, 1953, \$51.50 per share to January 15, 1958, and \$51.25 per share thereafter. The note agreement with the insurance companies and the provisions of the preferred stock include, among other things, certain restrictions as to the payment of dividends and other distributions. Income retained for use and growth of the business was unrestricted at December 31, 1949, for the payment of dividends on common stock.

Note C-Reference is made to the caption "Business and Properties" regarding the purchase in January, 1950 of a plant and certain equipment.

#### **AGREEMENTS**

The Agreements set forth in Application A-13179, dated February 25, 1949, are hereby incorporated by reference.

#### GENERAL INFORMATION

The fiscal year of the Company ends on the 31st day of December.

The principal business address of the Company is 17877 St. Clair Avenue, Cleveland 10, Ohio. Its statutory address is 129 South State Street, Dover, Delaware.

The Company's By-Laws provide that the Annual Meeting of stockholders shall be held at the office of the Company in the City of Cleveland, in the State of Ohio, but that other meetings of stockholders may be held at such place or places as may be determined from time to time by the Board of Directors. The Annual Meeting of stockholders for the election of directors and the transaction of other business shall be held on the last Wednesday in April in each year, at 2 P. M. o'clock. If this date shall fall upon a legal holiday, the meeting shall be held on the next succeeding business day. A written or printed notice, stating the place and time of the Annual or Special Meeting, and the general nature of the business to be considered, shall be given by the Secretary of the Company to each stockholder entitled to vote thereat at his last known post office address, at least twenty (20) days and not more than forty (40) days before the meeting. No change of the time and place of a meeting for the election of directors, as fixed by the By-Laws, shall be made within sixty (60) days next before the day on which such election is to be held. In case of any change in such time or place for such election of directors, notice thereof shall be given to each stockholder entitled to vote, in person, or by letter mailed to his last known post office address, twenty (20) days before the election is held. Any number of stockholders together holding a majority of the stock issued and outstanding entitled to vote, who shall be present in person or represented by proxy at any meeting duly called, shall constitute a quorum for the transaction of business. If less than a quorum is present or represented at any meeting, a majority of the stockholders present or represented and entitled to vote may adjourn the meeting from time to time. If notice of such adjourned meeting is sent to the stockholders entitled to receive the same, such notice also containing a statement of the purpose of the meeting and that the previous meeting failed for lack of a quorum and that pursuant to the By-Laws of the Company it is proposed to hold the adjourned meeting with a quorum of those present, then any number of stockholders, in person or by proxy, shall constitute a quorum at such meeting unless otherwise provided

The Transfer Agent of the \$3.00 Cumulative Preferred Stock and the Common Stock and the Agent for the Non-Detachable Common Stock Purchase Warrants attached to certificates of Preferred Stock is The New York Trust Company, 100 Broadway, New York 15, New York.

The Registrar of the \$3.00 Cumulative Preferred Stock and the Common Stock is Bankers Trust Company, 16 Wall Street, New York 15, New York.

AFFILIATED GAS EQUIPMENT, INC.

By PHILIP W. Scott Vice-President

March 14, 1950

The New York Stock Exchange hereby authorizes the listing of the above-mentioned 200,000 additional shares of Common Stock upon official notice of issuance and sale and payment in full, making a total of 1,265,000 shares of Common Stock authorized to be listed.

PHILLIP L. WEST, Director Department of Stock List EMIL SCHRAM, President New York Stock Exchange

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1-01-55-1 7t

Effective May 26, 1952

FORM 25

1-3500-

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D. C.

NOTIFICATION OF THE REMOVAL FROM LISTING AND REGISTRATION OF MATURED, REDEEMED OR RETIRED SECURITIES

The	MIDWEST STOCK Exchange hereby	notifies the Securities
ind Exch	Change Commission of its intention to remove the entire	
ecurity	ty from listing and registration on the Exchange at the May 17, 1955, pursuant to the provisi	opening of business on one of Rule X-1202-2(a).
	AFFILIATED GAS EQUIPMENT, INC.	
	\$3 Cum. Preferred Stock, \$50 par value	
	Common Stock, \$1.00 par value	
	Description of Security	
This	s removal is being effected because the Exchange knows (indicate the applicable paragraph below and insert appropriate	or is reliably informed: dates and other details]
□ (ı)	1) That the entire class of this security was called for redempt	
	for the payment of all such securities were deposited with an payment; and such funds were made available to security holder	agency authorized to make such
<b>(2)</b>	2) That the entire class of this security was redeemed retirement on	or paid at maturity or
□ (3)	7) That on March 1, 1955 the instruments recomprising the entire class of this security came to evidence wise, other securities in substitution therefor and represent be the fact, the right to receive an immediate cash payment.	, by operation of law or other- no other right except, if such
	Upon the filing of an Agreement of Merger between C Affiliated Gas Equipment, Inc., each share of Commo Gas was converted into 1/10th share Cumulative Pref of Carrier and 2/11ths of one share of Common Stock share of \$3 Cum. Preferred Stock of Affiliated Gas into one share Cumulative Preferred Stock, \$3 Series	on Stock of Affiliated Terred Stock, 41% Series, of Carrier; and each outstanding was converted
□ (*)	That all rights pertaining to the entire class of the extinguished on (Bride)	RECEIVED
	come.	MAY 12 1955 1ST MAIL DOCKET, MAIL & FILES
	Exchange also notifies the Securities and Exchange Control the above indicated conditions this security was suspended to the securities and Exchange Control to the securities and Exchange C	mmission that as a result
	MITHIPP CT	OCK EXCHANGE
		Exchange
••	. May 10, 1955	Treasurer
		Title
	Date	,,,,

J'The effective date of removal must be in compliance with the provisions of Ruie 1-1202-2(a).

J'This form of netification of suspension from trading will be considered compliance with the provisions of Ruie 1-1202-1(a)(1); no further netification is required to be filled in this respect.

SOTE: Form 25 is required to be filled with the Securities and Exchange Commission in triplicate, each copy of which shall be dated and signed by an authorized efficial of the exchange.

If acknowledgement is desired by the exchange, however, the Form should be filled in quadruplicate; receipt thereof by the Commission will be indicated on one copy and returned to the exchange.

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# MIDWEST STOCK EXCHANGE

120 SOUTH EASALLE STREET

CHICAGO 3

FINANCIAL B-IIII

March 2, 1955



Securities and Exchange Commission Washington, D. C.

Gentlemen:

This is to inform you, pursuant to Rule X-17A-5, that the Common Stock, \$10 pir value, and 4 1/2% Series Cumulative Preferred Stock, \$50 par value, of CARRIER COMPORATION were admitted to trading on this Exchange at the opening of business March 1, 1955.

The action was taken pursuant to the filling of an Agreement of Merger on February 28 between Carrier Corporation and Affiliated Gas Equipment, Inc.

The Common Stock, \$1.00 par value, and \$3 Cumu-lative Preferred Stock, \$50.00 par value, of Affiliated Gas Equipment, Inc. were suspended from trading at the opening of business March 1, 1935.

Very truly yours,

WALTER R. MINES

Treasurer

RC

DOOR THE WAY

Effective May 26, 1952

FORM 28

# SECURITIES AND RICHARDS COMMISSION WASHINGTON, D. C.

NOTIFICATION OF THE REMOVAL FROM LISTING AND REGISTRATION OF MATURED, REDEEMED OR RETIRED SECURITIES

The NEW YORK STOCK	<b>看</b> 2
and Exchange Commission of its intenti	Exchange hereby notifies the Seculations on to remove the entire class of the following
security from listing and registration	on the Exchange at the opening of business on
March 31	pursuant to the provisions of Rule X-1202-201).
AFFILIATED GAS EQUI	
Common Stock, \$1.00	of issuer Par Value Iferred Stook, \$50 Par Value
Descriptio	n of Sacurity
This removal is being effected beca tindicate the applicable paragraph be	use the Exchange knows or is reliably informed: low and insert appropriate dates and other details?
	ity was called for redemption, maturity or retirement on
	; appropriate notice thereof was given; funds sufficiences were deposited with an agency authorized to make successful to be security holders on
[2] That the entire class of this retirement on	security was redremed or paid at maturity or
wise, other securities in substitute the fact, the right to receive a Agreement effective proving Equipment, Inc. into Car Stock Affiliated converted took, 4 1/2% Series and	security came to evidence, by operation of law or other- tion therefor and represent no other right except, if suc- in immediate cash payment. (Sriefly supportize details so- riding for merger of Affiliated Gas- rier Corporation. Each share Common sed into one-tenth Cumulative Preferred I two-elevenths Common Stock Carrier. Affiliated converted into one share
extinguished on	RECEIVED
DIV. US	MAR 3 1 1955
	DOCKET WAIL
The Exchange also notifies the Secu	
V 1 3077	his security was suspended from trading on $\frac{2}{2}$
	New York Stock Exchange
	Department of Stock List
	Name of Excusing

The effective date of removal must be in compilance with the provisions of Rule X-1202-2(a).

2/This form of notification of suspension from trading will be considered compilance with the provisions of Rule X-1202-1(a)(1); no further notification is required to be filed in this respect.

BOTE: Form 25 is required to be filed with the Securities and Exchange Commission in triplicate, each copy of which shall be dated and signed by an authorized official of the exchange.

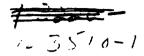
If acknowledgement is desired by the exchange, however, the Form should be filed in quadruplicate; receipt thereof by the Commission will be indicated on one copy and returned to the exchange.

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noted of stock list other somesties registered

Assistant Director

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# NEW YORK STOCK EXCHANGE

ELEVEN WALL STREET NEW YORK S. N.Y.

JEPARTMENT OF STOCK LIST
PHILLIP L. WEST
SHEETER
LOUIS J. MASSELBACH
ASSELBACH
ASSELBACH
ASSELBACH
ASSELBACH

March 1, 1955

Securities and Exchange Commission Washington 25, D. C.

Refer et

The New York Stock Exchange has been reliably informed of the effectiveness on February 28, 1955 of an Agreement of Merger providing for the merger of Affiliated Gas Equipment, Inc. with and into Carrier Corporation as the surviving corporation. The Agreement of Merger provides for the conversion of Affiliated's stock at the rate of one-tenth of share of Cumulative Preferred Stock 4 1/2% Series and two-elevenths of a share of Common Stock of Carrier for each share of Common of Affiliated and one share of Cumulative Preferred Stock \$3 Series of Carrier for each share of \$3 Cumulative Preferred Stock of Affiliated. The Exchange is informed also that stockholders dissenting from the Agreement of Merger have the right to demand payment for their stock pursuant to the laws of the State of Delaware.

Dealings on the Exchange in the Common Stock, \$1 par value, and \$3 Cumulative Preferred Stock, \$50 par value, of Affiliated Gas Equipment, Inc. were suspended before the opening of the trading session today.

In a separate letter to the Commission the Exchange has advised of the admission to dealings of the 4 1/2% Series and \$3 Series Cumulative Preferred Stock of Carrier Corporation pursuant to the temporary exemption from registration under the Securities Exchange Act of 1934 afforded by Rule X-12A-5 of the Commission. In order to preserve the exemption status of such Preferred Stock, the Exchange proposes to postpone filing of a certification on Form 25 for removal of the stock of Affiliated Gas Equipment, Inc. from listing and registration until such time as the registration statement for the Preferred issues of Carrier Corporation is effective.

RECEIVED.

HEG:mm

MAR 3 1955

L. J. Hasselbach Assistant Director

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Registration No. 2-7767

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C.

THIRD AMENDMENT

to

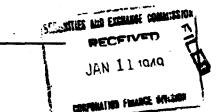
FORM S-1

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

# Affiliated Gas Equipment, Inc.



The Third Amendment further amends the Registration Statement, as heretofore amended, in respect to: Cross-Reference Sheet, the Prospectus, Exhibits 1(b), 6(a) and (b), 7(a), (b) and (c), 10, 14(a), (b), (c) and (d), 15(a), (b), (c) and (d) and Consent of Accountants.

# AFFILIATED GAS EQUIPMENT, INC.

# Form S-1

# CROSS REFERENCE SHEET

Registration Statement Item	Page in Prospectus
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<b>2</b> (b)	(0)
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<del>27</del>	
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(O) Omitted because inapplicable.

**PROSPECTUS** 

# Affiliated Gas Equipment, Incheckived

40,000 Shares \$3.00 Cumulative Preferred Stock (\$50 Par Value)

With Non-Detachable Common Stock Purchase Warrants

The non-detachable Warrants entitle the registered holders of shares of the \$3.00 Cumulative Preferred Stock for each share of such \$3.00 Cumulative Preferred Stock held, upon surrender of the Warrant, at a price of \$11.25 per share; such number of shares receivable upon the exercise of the Warrants being subject to adjustment as described herein under the sub-caption "Warrants for Purchase of Common Stock and Subject to adjustment as described herein under the sub-caption "Warrants for Purchase of Common Stock and Subject to adjustment as described herein under the sub-caption "Warrants for Purchase of Common Stock and Subject to adjustment as described herein under the sub-caption "Warrants for Purchase of Stock and Subject to adjustment as described herein under the sub-caption "Warrants for Purchase of Subject to adjustment as described herein under the sub-caption "Warrants for Purchase of Subject to adjustment as described herein under the sub-caption "Warrants for Purchase of Subject to adjustment as described herein under the sub-caption "Warrants for Purchase of Subject to adjustment as described herein under the sub-caption "Warrants for Purchase of Subject to adjustment as described herein under the sub-caption "Warrants for Purchase of Subject to adjustment as described herein under the sub-caption "Warrants for Purchase of Subject to adjustment as described herein under the sub-caption "Warrants for Purchase of Subject to adjustment as described herein under the sub-caption "Warrants for Purchase of Subject to adjustment as described herein under the sub-caption "Warrants for Purchase of Subject to Subject to adjustment as described herein under the sub-caption "Warrants for Purchase of Subject to Subject t Common Stock and Scrip Certificates". The net proceeds to the Company from the sale of shares of Common Stock, pursuant to the exercise of the Warrants, are to be applied exclusively to the purchase or redemption of the \$3.00 Cumulative Preferred Stock. The Warrants will become void after January 15, 1954.

1,000,000 Shares Common Stock (\$1 Par Value)

25,000 Shares Common Stock (\$1 Par Value)

JAN 11 1949

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

•	Price to Public	Underwriting Discounts or Commissions (1)	Proceeds to Company(2)
40,000 Shares of \$3.00 Cumulative Preferred Stock with Non-Detachable Warrants for the Purchase of 40,000 Shares of Common Stock			
Total	\$2,000,000	\$ 130,000(3)	\$1,870,000
Per Unit	\$50.00	\$3.25(3)	\$46.75
1,000,000 Shares of Common Stock			•
* Total	\$9,250,000	\$1,250,000	\$8,000,000(4)
Per Share	\$ 9.25	\$1.25	\$ 8.00
25,000 Shares of Common Stock (5)			
Total	\$ 200,000	None	\$ 200,000(6)
Per Share	\$ 8.00	None	\$ 8.00

(1) Does not include \$40,000, or 1% of the aggregate principal amount of the Term Loans referred to in the caption "Descript of Funded Debt", which the Company has agreed to pay Reynolds & Co. for negotiating such Term Loans.

(2) The proceeds shown as receivable by the Company are without allowance for expenses of registration of approximately \$105,130. Included in this sum is \$6,000 representing the maximum contribution which the Company has agreed to make towards the expenses of qualifying the Preferred Stock and the Common Stock for sale in the various states.

The Company has agreed to indennify the Underwriters against certain types of civil liability arising in connection with the Registration Statement, this Prospectus, or under the "Blue Sky" laws of various states. Reference is made to the caption "Underwriting Accessments"

Arrangements".

Arrangements".

(3) Pursuant and subject to the terms of the Underwriting Agreement described under the caption "Underwriting Arrangements", the Underwriters have agreed to purchase 40,000 units of Preferred Stock with Non-Detachable Common Stock Purchase Warrants and to pay to the Company \$2,004,000, or \$50.10 per unit, which sum will be received by the Company on the closing date. Pursuant to said Underwriting Agreement, the Company has agreed to pay to the Underwriters, in consideration of the services rendered by the Underwriters in connection with this financing, \$134,000, or a sum equivalent to \$3.35 per unit. Based upon the amount to be paid by the Underwriters to the Company for the 40,000 units of Preferred Stock with Warrants attached and the public offering price of such 40,000 units set forth above, the net amount to be received by the Underwriters from the Company in this connection will be \$130,000, or a sum equivalent to \$3.25 per unit. For the purpose hereof, such payment has been included in the underwriting discounts or commissions and has been deducted from the proceeds to be received by the Company.

(4) This ferror is calculated without allowance for the possible exercise of the Non-Detachable Common Stock Purchase Warrants

(4) This figure is calculated without allowance for the possible exercise of the Non-Detachable Common Stock Purchase Warrants attached to the 40,000 shares of \$3.00 Cumulative Preferred Stock. If all of the Warrants are exercised, the maximum amount received by the Company upon such sale will be \$450,000.

(5) To be specially offered under contracts of purchase only to certain officers, directors or employees of the Company under the Stock Purchase Plan described under the sub-caption "Stock Purchase Plan". Purchasers thereof may be deemed underwriters the extent they purchase for resale, in which event the profit would be the excess of the resale proce over the purchase price.

(6) The cash proceeds to the Company assumes that all 25 000 charters are excessed in the resale processed. (6) The cash proceeds to the Company assumes that all 25,000 shares are purchased under the Stock Purchase Plan and paid for at \$8.00 per share.

The Company is also registering 40,000 shares of Common Stock reserved for issuance upon the exercise of the Non-Detachable Common Stock Purchase Warrants, and the Company is likewise registering an indeterminate number of shares of Common Stock, together with scrip certificates for fractional shares, for issuance in connection with the anti-dilution rights pertaining to the Non-Detachable Common Stock Purchase Warrants.

The 40,000 shares of Preferred Stock with Non-Detachable Common Stock Purchase Warrants and 1,000,000 shares of Common Stock are offered by the Underwriters subject to the terms of the offering set forth herein, to prior sale, to withdrawal, cancellation or modification of the offer without notice, to delivery to and acceptance by the Underwriters, to the approval of legal matters by Messrs. Townsend & Lewis, counsel for the Underwriters, and to certain further conditions.

A list of the Underwriters appears on page 30 hereof, among whom are

Reynolds & Co.

Harriman Ripley & Co.

Eastman, Dillon & Co.

Kidder, Peabody & Co.

**Union Securities Corporation** 

Laurence M. Marks & Co.

The date of this Prospectus is January

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE PREFERRED STOCK (EITHER WITH OR WITHOUT WARRANTS ATTACHED) AND THE COMMON STOCK AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

PETROJUCED AT THE NATIONAL ARCHIV

The Company has agreed, upon the request of Reynolds & Co., as Representative of the Underwriters, within two years, to use its best efforts to procure the listing of the Preferred Stock (with or without Warrants attached) and the Common Stock on such National Securities Exchange or Exchanges as the Representative may specify. The Representative has informed the Company that it intends to request the Company to make application to list the aforesaid shares on the New York Stock Exchange within such two year period and as soon as, in the opinion of the Representative, a sufficiently broad distribution of the Preferred Stock (with or without Warrants attached) and the Common Stock has been effected.

The Company will, upon proper application, reimburse holders of shares of the Preferred Stock who are residents of Pennsylvania for personal property taxes assessed in Pennsylvania on such shares not exceeding, in any one year, eight mills on each dollar of assessed value of such shares.

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Additional Information Contained in the Registration Statement

No dealer, salesman or any other person has been authorised to give any information or make any representations, other than those contained in this Prospectus, in connection with offer contained herein; and, if given or made, such information or representations must not relied upon. This Prospectus is not an offer by the Company or by any Underwriter to sell above securities in any state to any person to whom it is unlawful for such Underwriter to m such offer in such state. Neither the delivery of this Prospectus nor any sales hereunder a under any circumstances create any implication that there has been no change in the affair the Company since the date hereof.

# Affiliated Gas Equipment, Inc.

#### REGISTRATION STATEMENT

Affiliated Gas Equipment, Inc. (hereinafter sometimes called the "Company") has filed with the Securities and Exchange Commission. Washington, D. C., a registration statement (hereinafter, together with all amendments thereto, called the "Registration Statement") under the Securities Act of 1933, as amended, for the registration of (a) 40,000 shares of \$3.00 Cumulative Preferred Stock of the par value of \$50.00 each (hereinafter sometimes called the "Preferred Stock"), (b) Common Stock Purchase Warrants (hereinafter sometimes called the "Warrants") attached at the time of issuance to certificates for the Preferred Stock, entitling the holders thereof to purchase, on or before January 15, 1954, an aggregate of 40,000 shares of Common Stock, of the par value of \$1.00 each (such class of stock being hereinafter sometimes called the "Common Stock"), (c) 1,000,000 shares of Common Stock, (d) 25,000 shares of Common Stock that are reserved for issuance under the Stock Purchase Plan hereinafter described, (e) 40,000 shares of Common Stock reserved for issuance upon the exercise of the Warrants, and (f) such additional indeterminate number of shares of Common Stock and scrip certificates for fractional shares as may be required to be issued in connection with the anti-dilution provisions pertaining to the Warrants.

#### THE COMPANY

Affiliated Gas Equipment, Inc. (hereinafter sometimes called the "Company") was incorporated under the laws of the State of Delaware on August 7, 1948. The Company's principal executive offices are located at 17825 St. Clair Avenue, Cleveland 10, Ohio.

Prior to the completion of the financing contemplated hereby, the Company will have acquired, as of October 31, 1948, all of the assets of three wholly-owned subsidiaries of Dresser Industries. Inc., a Pennsylvania corporation (hereinafter sometimes called "Dresser"); namely, Bryant Heater Company, an Ohio corporation (hereinafter sometimes called "Bryant"), Day & Night Manufacturing Company, a California corporation (hereinafter sometimes called "Day & Night") and Payne Furnace Company, a California corporation (hereinafter sometimes called "Payne"); such acquisition to be in consideration of (a) the issuance by the Company to the three selling corporations of its demand notes in the aggregate principal amount of \$10,870,000, bearing interest at the rate of 4% per annum, and (b) the assumption by the Company of all of the liabilities of the three selling corporations, subject to certain exceptions set forth in the respective agreements of sale described under the caption "Material Acquisitions of Property". The three selling corporations are hereinafter more fully described under the caption "History and Business".

## CAPITALIZATION AND FUNDED DEBT

The capitalization of the Company and its funded debt, as of October 31, 1948, and as adjusted to give effect to (a) the amendment of its Certificate of Incorporation, effective January 10, 1949 authorizing 40,000 shares of \$3.00 Cumulative Preferred Stock, of the par value of \$50 per share, (b) the borrowing of \$4,000,000 pursuant to the Term Loans referred to herein under the caption "Description of Funded Debt", and (c) the present financing, are as follows:

	October .	31, 1948	Adjusted as above stated		
Title of Issue	Authorized	Outstanding	Authorized	Outstanding	
4% Fifteen-Year Term Loans			\$4,000,000	\$4,000,000	
\$3.00 Cumulative Preferred Stock			•		
(Par Value \$50)	_	-	40,000 Shs.	40,000 Shs.	
Common Stock (Par Value \$1) 2.	000,000 Shs.	_	2,000,000 Shs.*	1,000,000 Shs.**	

^a Of this amount (a) 25,000 shares are reserved for sale to officers, directors or employees of the Company, as more fully set forth under the sub-caption herein entitled "Stock Purchase Plan", (b) 40,000 shares are reserved for issuance upon the exercise of the Common Stock Purchase Warrants, and (c) an additional indeterminate number of shares are reserved for issuance in connection with the anti-dilution provisions pertaining to the Warrants.

🍑 Does not reflect the issuance of any of the 25,000 shares reserved for sale to officers, directors or employees.

The Transfer Agent for the \$3.00 Cumulative Preferred Stock and the Common Stock and the Agent for the Warrants is The New York Trust Company, 100 Broadway, New York 15, New York, and the Registrar is Bankers Trust Company, 16 Wall Street, New York 15, New York.

#### APPLICATION OF PROCEEDS

The estimated net proceeds to the Company from the sale of 40,000 shares of the Preferred Stock with non-detachable Warrants and 1,000,000 shares of the Common Stock, after deduction of the expenses of the Company in connection with such offering, estimated at \$106,130, and the underwriting discounts or commissions set forth on the cover page of this Prospectus, will be \$9,763,870. The net proceeds received by the Company will be applied on account of the payment of the demand notes for an aggregate sum of \$10,870,000, to be executed and delivered by the Company to Bryant, Day & Night and Payne, as consideration for all of the assets of Bryant,

Day & Night and Payne. (For particulars as to the time of delivery, payment date and the respective amounts of the notes to be delivered to the selling corporations, reference is made to the caption "Material Acquisitions of Property".)

As described under the caption "Description of Funded Debt", the Company has completed arrangements to sell, by private placement, to insurance companies an issue of fifteen-year notes in the aggregate principal amount of \$4,000,000, with interest at the rate of 4% per annum. The proceeds to the Company of such term loans will be used for the following purposes:

- (a) Approximately \$1,250,000 will be applied towards the payment of the aforesaid notes made and delivered by the Company in connection with the purchase of all of the assets of Bryant, Day & Night and Payne,
- (b) Approximately \$1,000,000 will be used during the next twelve months to finance the capital expenditures of the Company, and
- (c) The remaining approximately \$1,750,000 will be used for working capital and for general corporate purposes, including the repayment to Dresser of borrowings by Day & Night and Payne amounting in the aggregate to \$800,000. (The aggregate amount of these borrowings at October 31, 1948, was \$1,600,000, which sum has been reduced to \$800,000 by payments aggregating the same amount.)

Except as above set forth, it is not possible at this time to state what proportions of the proceeds of the term loan will be used for the respective purposes above mentioned.

Assuming that all 25,000 shares of Common Stock of the Company to be offered pursuant to the Stock Purchase Plan described under the sub-caption herein bearing that title are purchased, at their initial offering price of \$8.00 per share, the aggregate initial payments (1/10th) will be \$20,000 and, over a period of ten years, their aggregate purchase price will amount to \$200,000. The net proceeds to be derived from the sale of any of these shares are to be used as additional working capital.

Any proceeds received by the Company through the issuance of all or any part of the 40,000 shares of Common Stock at \$11.25 per share upon the exercise of the Warrants attached to the Preferred Stock shall, to the extent permissible by law, be applied by the Company to the purchase or redemption of the Preferred Stock.

The Company reserves the right to vary or change any of the foregoing purposes or amounts, if it appears, in the opinion of the management, in its best interests to do so.

#### HISTORY AND BUSINESS

The three corporations, Bryant, Day & Night and Payne, whose business and properties are to be acquired by the Company upon the completion of the financing contemplated hereby, are at present wholly-owned subsidiaries of Dresser. These corporations have been and are now engaged primarily in the business of manufacturing and selling gas heating equipment, water heaters, water coolers, and allied miscellaneous products used by the gas heating industry for the residential, commercial and industrial markets. It is the intention of the Company to continue such business and to expand into the production and sale of similar equipment using allied fuels.

The Company contemplates the operation of the respective businesses presently conducted by the three corporations on the basis of each unit retaining and continuing the use of its trade name, trade marks and trade relations. Since the plan contemplates the retention by the Company of the services of the executive and other personnel of the three corporations, no interruption in the continuity of present business operations is expected.

In effect, the acquisition by the Company of the business and properties of the three corporations will achieve the independent operation of the three business enterprises as an integrated group. This will be the logical outgrowth of the recent expansion of the business and markets of the three corporations and of the substantial similarity of their operating problems.

Although the over-all management policy governing the operations of the three corporations has been such as to permit each to exercise a substantial degree of autonomy in its individual operations, such policy has not resulted in the integration of their management and operation to the point where any of the corporations avails itself, to any substantial extent, of the manufacturing and other facilities of the others. The management of the Company proposes to avail itself of the opportunity to improve flexibility in the untilization of the manufacturing facilities of the three corporations which, in the opinion of the management, are well located throughout the country and serve national market areas. In this way, products of one unit may be produced in certain plants of the other two units, as market conditions and other considerations might warrant, which it is believed will result in freight savings and improved inventory management.

The problems of engineering and design, production, sales distribution, advertising to national markets are common to Bryant, Day & Night and Payne. By the integration of the businesses of these corporations into the Company, these problems should receive closer control and coordination than has been possible heretofore.

. .. nonning summary or comonicu carmings, suomiticu as a matter of instoficar fecolu, or bryant fleater Company, Day & Night Manufacturing Company, and Payne Furnace Company has been compiled from financial statements which have been examined by Messrs. Ernst & Ernst for (1) the periods from January 1, 1939 to October 31, 1948, with respect to Bryant Heater Company, (2) the periods from January 1, 1945 to October 31, 1948, with respect to Day & Night Manufacturing Company, and (3) the periods from February 1, 1945 to October 31, 1948, with respect to Payne Furnace Company. Such summary, for said periods, has been reviewed by Messrs. Ernst & Ernst, and is included in this Prospectus in reliance upon the accompanying report of that firm given on the authority of that firm, as experts in auditing and accounting. The summary of combined earnings, for the aforementioned companies for periods not hereinbefore referred to, has been prepared from financial statements of such companies, or was compiled from records of such companies. This summary for the period of three years ended October 31, 1948, is subject to and should be read in conjunction with the financial statements and the notes thereto, all of which are hereinafter included in this Prospectus.

In the preparation of the following summary allocation has been made, to the years affected, of certain adjustments which were previously reflected in earned surplus in the period in which determined.

Tear (Note A)	Not Salos (Notes B and C)	Cost of Goods Sold (Note B)	Solling, Engineering, General and Administrative Expenses	Depreciation and Americation Included in Costs and Expenses (Note D)	Interest	Other Income or Deductions	Profit or Loss Before Federal Taxes on Income	Federal Taxes on Income	Not Profit or Loss
1936	\$ 3,481,708	\$ 2,229,618	\$ 906,140	\$ 55,146	\$ 40,999	\$ 2,071*	\$ 302,880	\$ 56,809	\$ 246,071
1937	4.610.013	3,222,164	1,122,347	71.507	57,428	8,705	216,779	32,375	184,404
1938	4,018,777	2,857,080	1,177,943	79,249	59,822	5,120	70,948†	8,159	79,107†
1939	4,790,730	3,336,338	1,142,195	77,973	34,737	12,273	289,733	43,124	246,609
1940	5,553,392	3,911,988	1,190,088	78,459	15,249	18,685	454,752	139,036	315,716
1941	6,915,974	4,882,645	1,254,366	103,351	19,202	60,099*	699,662	374,987	324,675
1942	13,359,382	11.148.408	851,815	108,802	79.751	9,479	1.288.887	804,901	483,986
1943	37,411,099	32,751,342	1,299,759	131,432	248,008	1,212*	3,110,778	2,240,868	869,910
1944	33,806,656	29,059,483	1,723,974	133,175	200,868	53,559	2,875,890	2,091,074	784,816
1945	33,639,636	26,788,305	2,393,627	129,163	130,257	22,480	4,349,927	3,098,256	1,251,671
1946	45 550 550	14,050,974	2,683,052	136,230	25,632	191,997	1,003,098	365,370	637,728
1947	23,949,678	16,961,470	3.671.794	221,980	13,441	35,338	3,338,311	1,447,771	1,890,540
1948	29,171,260	20,910,618	4,685,359	292,828	86,385	127,604	3,616,502	1,370,188	2,246,314 (Note

* Indicates red figures.

Note A—The periods included for the various companies, in the foregoing summary of combined earnings are as follows: (1) Bryant Heater Company: Years ended December 31, 1936 to December 31, 1940, inclusive, period of ten months ended October 31, 1941, years ended October 31, 1942 to October 31, 1948, inclusive; (2) Day & Night Manufacturing Company: Years ended December 31, 1936 to December 31, 1944, inclusive, period of ten months ended October 31, 1945, years ended October 31, 1946 to October 31, 1948, inclusive; (3) Payne Furnace Company: Years ended March 31, 1937 to March 31, 1944, inclusive, period of ten months ended October 31, 1945, years ended October 31, 1946, inclusive, period of ten months ended October 31, 1945, years ended October 31, 1946, inclusive, period of ten months ended October 31, 1945, years ended October 31, 1946, inclusive, period of ten months ended October 31, 1945, years ended October 31, 1946, inclusive, period of ten months ended October 31, 1945, years ended October 31, 1946, inclusive, period of ten months ended October 31, 1945, years ended October 31, 1946, inclusive, period of ten months ended October 31, 1946, inclusive, period of ten months ended October 31, 1945, years ended October 31, 1946, inclusive, period of ten months ended October 31, 1946, inclusive, period of ten months ended October 31, 1945, years ended October 31, 1946, inclusive, period of ten months ended October 31, 1946, inclusive, period of ten months ended October 31, 1946, inclusive, period of ten months ended October 31, 1946, inclusive, period of ten months ended October 31, 1946, inclusive, period of ten months ended October 31, 1946, inclusive, period of ten months ended October 31, 1946, inclusive, period of ten months ended October 31, 1946, inclusive, period of ten months ended October 31,

Note B-Reference is made to Note D to the financial statements relative to inter-company sales.

Note C-Sales during the war period resulted principally from war business. In this connection, reference is made to the Prospectus under the caption "War and Reconversion". Sales for the year 1946 include the settlement of termination claims in the aggregate amount of \$3,656,231.

Note D-As indicated in Note (1) to the proposed transactions given effect to in the pro forma balance sheet hereinafter included in this Prospectus, the excess of \$755,271 of the purchase price over the carrying amount of net assets acquired will be allocated to property, plant, and equipment accounts. Consequently, the annual provisions for depreciation, based on the adjusted carrying amounts for property, plant, and equipment as of October 31, 1948, will aggregate approximately \$370,000.

Note E — The charges (net of the effect of federal taxes on income) included herein for overall management services of Dresser Industries, Inc. are as follows: 1943—\$42,504; 1944—\$70,407; 1945—\$89,040; 1946—\$153,224; 1947—\$202,120. Such charges to these companies were discontinued as of October 31, 1947. During part of the year 1948, payments for overall management services were made by the three companies, which payments were refunded by Dresser Industries, Inc. prior to October 31, 1948. It charges for overall management services for the year 1948, had been made on the same basis as for preceding years, they would have aggregated approximately \$350,000 or \$217,000 after federal taxes on income, and the net profit for that year would have been reduced accordingly. It is anticipated that expenses of an amount less than the aforesaid charges for 1947 or the amount for 1948 referred to in the preceding sentence will be incurred by Affiliated Gas Equipment, Inc. (new company) for similar services during its first fiscal year.

Note F-During the period from December 31, 1943 to October 31, 1946, Day & Night Manufacturing Company had a wholly-owned subsidiary which was dissolved as of the latter date. The accounts of such subsidiary have been consolidated in the foregoing tabulation with those of Day & Night Manufacturing Company for such period.

Note G-The annual dividend requirement on the 40,000 shares of \$3.00 Cumulative Preferred Stock, and the annual interest requirement on the 4% Fifteen-Year Term Loan, to be outstanding at the completion of this financing and related transactions, will amount to \$120,000 and \$160,000, respectively. Such annual requirements will be reduced, in the event of the redemption of shares of Preferred Stock or payments on account of the principal amount of the Notes evidencing the Term Loan, by amounts proportionate to the number of shares of Preferred Stock redeemed or the amount of principal paid on such Notes,

Note H-The amount that would have been available for distribution for the year 1948 under the incentive compensation plan recently adopted by Affiliated Gas Equipment, Inc. (new company) amounts to \$248,100 as compared to the aggregate amount of \$239,400 available for distribution (\$224,932 actually paid) under the plans in effect at October 31, 1948.

#### Dividends

Subject and subsequent to the sale by the Company of the 40.000 shares of Preferred Stock with Warrants attached and the 1,000,000 shares of Common Stock offered by this Prospectus, and subject to funds being lawfully available therefor, the Board of Directors of the Company will declare a dividend of 22½¢ per share on the Common Stock, payable on April 1, 1949, to the holders of record on March 15, 1949. Funds lawfully available for the payment of this dividend will, in the opinion of Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, counsel for the Company, be the sum of (a) the Company's net income, if any, from February 1 to April 1, 1949, after deducting the first quarterly dividend on the Preferred Stock of \$30,000, (b) \$500,000 and (c) the aggregate net consideration, if any, received by the Company from the issue or sale subsequent to February 15, 1949, of shares of Common Stock. (For further details as to funds lawfully available for dividends on the Common Stock, reference is made to the subheading "Dividends" under the description of the Preferred Stock contained in the caption "Description of Capital Shares" and to the caption "Description of Funded Debt.")

On the date of the declaration of the proposed Common Stock dividend, the Company will have little or no earned surplus and, to the extent that there is not sufficient earned surplus to cover the dividend on the payment date thereof, the excess of the amount of the dividend over the amount of earned surplus available therefor will be paid out of capital surplus and, to that extent, will represent a return of capital.

It is the intention of the Board of Directors that the Company shall pay quarterly dividends on the Common Stock thereafter, if the net earnings, general affairs and financial condition of the Company and general economic and other pertinent conditions warrant the same; but the amount of such dividends, if any, will depend upon the net earnings of the Company at the time of its declaration and upon other factors not presently determinable.

#### Bryant Heater Company

This corporation was incorporated in Ohio in 1933 and succeeded a similar business founded in 1908. It became a wholly-owned subsidiary of Dresser in 1933.

Bryant was a pioneer in the development of gas-fired heating equipment and at the present time its line of gas fired equipment (heating and water heaters) is the most complete in the industry.

Since 1933, Bryant has been engaged principally in the manufacture of gas-fired boilers, furnaces, unit heaters and conversion burners. Its line of gas, electric and oil water heaters was introduced in 1946. A new "all weather" air conditioner and a new gas-fired wall furnace have been developed and are now being placed in production, and satisfactory development progress has been made on a complete line of oil-fired heating equipment.

Bryant has its principal office and operates two plants in Cleveland, Ohio, and operates another plant at Tyler, Texas. In addition, Bryant utilizes facilities of two other plants in central Ohio on a sub-contracting basis. Finished products from these plants represent approximately 24% of Bryant's sales during the fiscal year ended October 31, 1948. In these sub-contracting operations, Bryant provides the sub-contractor with tools and dies and practically all of the raw materials and parts used in manufacturing finished products. No formal agreements exist between Bryant and these sub-contractors, but purchase orders for the products are placed with the sub-contractors by Bryant, from time to time, covering from 60 to 90 days' requirements. This policy has made possible the expansion of sales without heavy investment by Bryant in plant and equipment, and has also helped to avoid the concentration of production in the Cleveland area.

Bryant products are distributed nationally through approximately thirty-five independent distributors and through seven factory branch sales offices, located in key cities. Approximately 10% of the total of Bryant's sales for the fiscal year ended October 31, 1948, is represented by water heaters sold to a single nationwide distributor under the latter's brand name. These heaters differ somewhat from Bryant's regular lines of products.

During the fiscal year 1948, a price increase in Bryant products, averaging about 5%, was made effective.

Bryant maintains a competent engineering and research staff of 37 persons. Its engineering and research efforts are directed toward (a) improvement and cost reduction of existing products; (b) development of new products; and (c) basic research in combustion and heating problems.

In recent years, Bryant's policy has been to expand its activities through the addition of allied products such as water heaters, space heaters, steel furnaces and oil-fired equipment. However, much of the benefit to be expected from this expansion program as well as from the growing market demand for its primary products has been postponed because of limitations on the use of gas as fuel in certain important areas which are referred to on page 9 of this Prospectus.

#### Day & Night Manufacturing Company

This corporation was incorporated in California in 1923 and succeeded a similar business founded in 1908. It has been a subsidiary of Dresser since April 1945. Its main office and plant are at Monrovia, California.

Day & Night has manufactured gas-fired water heaters for 39 years, water coolers for 18 years and space heaters for 10 years. Six years ago, Day & Night introduced a new type radiant gas-fired wall furnace which it markets under the trade name "Panelray" and which has become a major addition to its line.

Day & Night's products are sold primarily in the Western and Southern areas of the United States.

All sales of Day & Night products in the United States are made through wholesale plumbing jobbers, with the exception of those in Metropolitan Los Angeles, where sales are through dealers. In all states other than California, its wholesale jobbers serve as exclusive distributors in a definite marketing area. In California, sales are made to several jobbers in each marketing

Day & Night has a completely equipped laboratory and model shop, and directs its research program toward a broadening of its line of products and the improvement of the products presently manufactured.

At present, Day & Night is placing on the market an entirely new line of domestic water heaters and a new overhead Panelray space heater. It expects to introduce within the next few months a new water heater in the low priced field, new designs of industrial water heaters and new designs of its space heaters and water coolers.

Day & Night placed into effect, during the fiscal year 1948, minor price increases on specific items, none of which exceeded 10%.

#### Payne Furnace Company

This corporation was incorporated in California in 1945 and succeeded a similar business founded in 1914. It has been a wholly-owned subsidiary of Dresser since February, 1945. Its main office and plant are at Beverly Hills, California.

Payne manufactures a line of various types of gas-fired furnaces, space heaters and evaporative coolers. With the exception of evaporative coolers which were introduced by it in 1948, Payne has been manufacturing these products for many years.

Payne merchandises its products in that part of the country west of the Mississippi River, particularly Southern California, and also in the southern states.

Practically all of Payne's sales are made to dealers, wholesale distributors and utility companies. In Southern California, this sales program is supplemented by sales made through branches of Payne's Retail Division.

Payne placed into effect, during the fiscal year 1948, price increases on certain of its products ranging from 5% to 10%

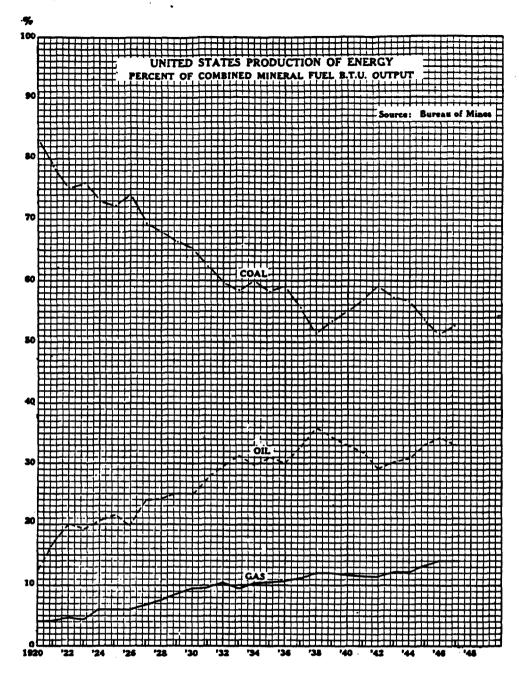
Payne maintains a competent engineering and research organization. Its research efforts are directed toward the improvement of its present products and the development of new products. A new forced-air wall heater, known as the "Panelair" was placed on the market by this corporation in February 1948 and it placed a line of Console Heaters on the market in 1947. A new line of central furnaces is now in production. It is expected that a new floor furnace and a new line of forced-air furnaces for installation in attics and other confined spaces will be introduced by Payne in the next few months.

#### The Heating Industry

The products of the domestic heating industry fall largely within two broad equipment classifications: central and non-central heating equipment. Central heating equipment consists of furnaces, boilers and conversion burners. Non-central heating equipment consists of floor furnaces, wall furnaces, space heaters and similar units designed to heat one or more rooms rather than the entire residence and unit heaters for commercial and industrial installations. According to a survey made by the U. S. Bureau of Census in April 1947, central heating accounts for 48%, and non-central heating for 52%, of all heating installations in the United States.

Coal, oil and gas are the principal fuels used in the heating industry. The availability and competitive price position of these fuels vary throughout the country.

The trend of the relative B. T. U. output of mineral fuels in the United States, during the period 1920 through 1947, according to data published by the U. S. Bureau of Mines is illustrated by the following chart:



The market for domestic heating equipment derives largely from new residential construction and replacement sales, which involve the conversion from one type of fuel to another, the replacement of existing equipment, the installation of automatic equipment, and, to a lesser degree, the conversion to central heating.

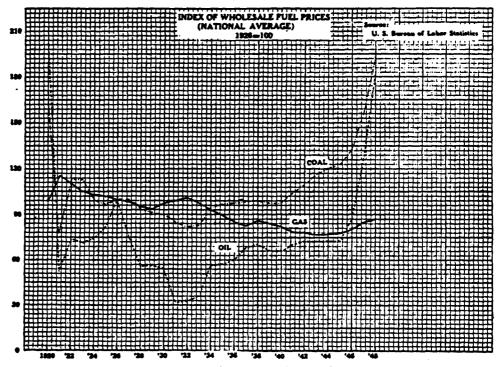
Of primary importance to the current and future activities of the Company are the developments which have taken place within recent years in respect to the utilization and competitive costs of coal, oil and gas for residential heating.

While cost comparisons on a thermal equivalent (B.T.U.) basis vary by locality and grade of fuel, the relative change in the cost of gas, fuel oil and coal, as shown by the U. S. Bureau of Labor Statistics Index of Wholesale Fuel Prices is as follows:

Pael	1926	1948*
Gas (Natural and Manufactured)	100	86.9
Oil (Oklahoma Fuel Oil)**	100	181.7
Coal (Bituminous)	100	194.5

⁴ August 15, 1948.

The trend of the relative wholesale prices for gas, oil and bituminous coal in the United States, during the period 1920 through 1947, according to data published by the U. S. Bureau of Labor Statistics is illustrated by the following chart:



Note—Oil, as represented on the above graph, is based on the price of Oklahoma fuel oil. The U. S. Bureau of Labor Statistics indices for Oklahoma fuel oil for the periods from 1920 through 1938 and from 1938 to 1948, respectively, are based on two different grades of oil. For the purpose of the above graph, appropriate adjustment for this variance has been made on the basis of the respective prices for such grades in 1938.

Inability to expand transmission facilities from the gas producing areas rapidly enough to keep pace with the increasing demand has resulted in a shortage in the supply of natural gas in the East and Middle West. This shortage has restricted severely the sales of gas fired heating equipment since 1946 in these areas. The restrictions on the sales of equipment vary by state and region. While, generally, no restrictions are imposed upon the replacement of existing residential gas facilities, conversion to gas from another fuel has been prohibited in certain areas. The gas supply in some restricted areas has already begun to improve as additions and expansions in gas transmission facilities have been made. This trend is expected to show progressive improvement as further additions to and expansions in gas transmission facilities are completed. A bulletin of the Gas Appliance Manufacturers Association dated July 16, 1948 reports that: "It is interesting to note that, during the period of July 1, 1945, to May 15, 1948, the Federal Power Commission authorized construction which included 10,168 miles of natural gas pipe line. On May 15, 1948, there were, pending the hearing of the Federal Power Commission, applications which involved the laying of 13,515 miles of pipe lines; thus the total mileage approved and pending on May 15, 1948, totaled 23,683 miles of natural gas pipe line. This total construction would cost more than \$1,418,000,000 and would require over 5,480,000 tons of pipe."

The shortage of manufactured gas has caused restrictions in some areas and projects are under way in many of these areas to expand manufactured gas capacity and to utilize natural gas as the latter becomes available upon completion of new gas transmission pipe lines.

^{**} The U. S. Bureau of Labor Statistics indices for Oklahoma fuel oil for 1926 and 1948, respectively, are based upon two different grades of oil. For the purpose of the above table, appropriate adjustment for this variance has been made on the basis of the respective prices for such grades in 1938.

The following tabulation, based on data in the January, 1948, issue of the trade paper "Fueloil and Oil Heat" shows a comparison of the number of units of automatic heating equipment sold in the years 1941 and 1947:

	Year 1941	Year 1947	Percent Increase 1947 over 1941
Gas	136,385	302,000	121%
Coal (Stokers)	198,243	84,661	(57)*
Oil	333,250	820,923	146

Data on automatic central heating equipment is not, of course, indicative of total unit sales of heating equipment.

. The following tabulation, based on data contained in U. S. Department of Commerce publications, shows unit sales of space heaters (non-central), excluding floor furnaces:

	12 Months Ended June 1941	12 Months Ended December 1947	Percent Increase 1947 Over 1941
Coal and Wood Gas	1,308,000	1,338,000 2,661,000 2,422,000	(29)%* 103 121
• Indicates decrease.			

#### Raw Materials and Parts

Bryant, Day & Night and Payne buy the raw materials which are processed in their own plants, including sheet steel and aluminum sheets, and also buy finished and semi-finished parts, including castings of various types and necessary fittings and valves. The major items of standard manufacture normally purchased in finished form include electrical controls, thermostats and electric motors. Athough the flow of these materials was spasmodic and unreliable in 1946 and 1947, the principal remaining item which is difficult to obtain is steel.

None of the three corporations operates a foundry and therefore all castings are purchased from outside sources.

During each of the past three fiscal years, purchases from any one supplier have been less than 10% of the combined enterprise's aggregate purchases of raw materials and parts.

### Description of Products and Glossary of Terms

* Indicates decrease.

The following definitions are given for better understanding of the Company's products and are not necessarily those of the heating industry:

Gas Fired Boiler: A central unit fired by gas to heat water or generate steam in cast-iron boiler sections for a heating system using radiators, convectors or radiant heating and distributing such hot water or steam by means of pipes throughout the building.

Gas Fired Central Furnaces: A central heating unit fired by gas supplying heated air by gravity or forced circulation to a distribution system using sheet-metal ducts to registers throughout the building. The combustion chambers for such units are either cast iron or steel.

Gas Fired Unit Heaters: A gas-fired unit which supplies forced heated air directly to the space in which it is placed without the use of ducts for distribution. Such units are usually suspended from the ceiling in the space to be heated.

Water Heaters: The automatic storage type using gas, oil or electricity for heating water.

Gas Fired Conversion Burners: A gas-fired burner for installation in a coal or oil boiler or furnace to convert such boiler or furnace to automatic gas heat.

Gas Fired Floor and Well Furnaces: Two types of furnaces usually installed for limited area heating without the use of a duct system for the distribution of heated air. The floor furnace is placed below the floor level with a register in the floor through which the heated air enters the space. The wall furnace is affixed to the wall above the floor level with the heating surface exposed to the area to be heated.

Gas Fired Space Heaters: Portable self-contained gas-fired units used to heat a limited area. The unit is so constructed that it is placed upon the floor and unconnected to the building except for a gas connection and in some cases a flue outlet.

### Sales by Products

The following table lists the materially important lines of products manufactured and sold by Bryant and Day & Night during the calendar year 1940, by Payne during the fiscal year ended March 31, 1941 (included below in the column headed "1940"), and by all three corporations during the twelve months ended October 31, 1946, 1947 and 1948 (included below in the columns headed "1946", "1947" and "1948", respectively). The table also shows the respective percentages of the sales of such lines to the total sales of the combined enterprise in each such period. No figures are shown for the years 1941 through 1945, inclusive, inasmuch as a substantial portion of the combined output of the three corporations during that period was devoted to war work.

Lines of Products	1940	1946	1947	1948
Gas Fired Boilers	8%	8%	10%	10%
Gas Fired Central Furnaces	34*	20	17	16
Gas Fired Unit Heaters	19	77	25	10 23
Gas Fired Conversion Burners	ž	11	Ĩš	. ~~
Gas Fired Floor and Wall Furnaces	10	17	19	24
Gas Fired Space Heaters	.3	.1	.2	.1
Miscellaneous Products and Parts	18	1/	12	14
Total	100%	100%	100%	100%

^{*} In 1940 Payne produced a substantial amount of heavy heating equipment for military camps which accounts for the abnormally high percentage of central furnace sales in that year.

#### War and Reconversion

After the entry of the United States into the Second World War, Bryant, Day & Night and Payne devoted the major portion of their plants and equipment to the production of material, parts and equipment needed by the Armed Forces, although they were able to continue the manufacture of their normal products on a limited basis. By the addition of some new equipment and the extensive use of subcontractors these corporations made a substantial contribution to the war effort.

Bryant's war contracts provided for the production of volute spring suspension assemblies for medium tanks for the Army and bogic wheel assemblies for LVT landing craft for the Navy.

Day & Night formed a wholly-owned subsidiary, Day and Night Flare Corporation, on December 31, 1943, to carry on the work on certain war contracts. This subsidiary was engaged 100% in war production until it was liquidated into Day & Night, as of October 31, 1946, at which time all of its war contracts were completed. Day & Night and its subsidiary produced shells for chemical mortars for the Chemical Warfare Service, rockets for the Navy and motor mounts for the Air Corps.

Payne's production was principally for the photography section of the Air Corps, and generally involved sheet metal work. Payne did not begin production of strictly war-time products until late in 1942. In 1940 and 1941 Payne produced a substantial amount of heavy heating equipment for military camps.

With the exception of Payne's manufacture of this heating equipment, all of the war-time products produced by Bryant, Day & Night and Payne were dissimilar to their peace-time products and required different types of manufacturing operations. Bryant, Day & Night and Payne have settled their claims under all war contracts, and reconversion to peace-time operation has been completed.

At the present time Bryant, Day & Night and Payne have no government contracts in any substantial amount.

#### Competition and Position in Industry

There are many other manufacturers engaged in essentially the same type of business as Bryant, Day & Night and Payne and the pre-war experience of the industry indicates that competition is keen. However, the three Corporations (below referred to as the "combined enterprise") have been able to achieve a substantial growth and the Company intends to continue efforts in this direction. As an indication of the relative growth of the combined enterprise and the industry in respect to major products for representative periods reference is made to the following tabulation:

# SCHEDULE SHOWING COMPETITION AND POSITION IN INDUSTRY*

				P	artial Years	
			ars Ended er 31st	1946 Nov. 1, 1945 I	1947 Nov. 1, 1946	1948 Nov. 1, 1947 to
		1946	1947**			July 31, 1948‡
Boilers (gas)	-Combined Enterprise Industry (1)	100.0 100.0	243.8 214.4	100.0 100.0	311.6 334.4	337.1 237.9
Central Furnace			••••			
(gas)	-Combined Enterprise	100.0	145.8	100.0	154.0	147.2
	-Industry (2)	100.0	137.2	100.0	178.5	137.4
Water Heaters	(gas.					
oil, electric)	-Combined Enterprise	100.0	193.5	100.0	198.3	252.2
•	—Industry (3)	100.0	198.4	100.0	226.9	200.4
Unit Heaters	• • • •					
(gas)	-Combined Enterprise	100.0	390.5	100.0	242.8	526.0
	—Industry (4)	100.0	217.5	100.0	192.8	295.6
Floor & Wall I	Furnaces			•		_
(gas)	-Combined Enterprise	100.0	197.6	100.0	194.1	287.0
· · ·	-Industry (4)	100.0	213.3	100.0	248.8	220.0
Conversion Bur						
(gas)	-Combined Enterprise	100.0	40.8	100.0	45.6	28.2
(87)	-Industry (1)	100.0	43.5	100.0	64.9	18.7
Total of Above						
2000.0	-Combined Enterprise	100.0	176.6	100.0	173.9	219.7
	-Combined Industry	100.0	177.5	100.0	209.9	182.0

Reference is made to "Lines of Products" tabulation on page 11 hereof for the respective percentages of sales of materially important lines of products manufactured and sold by the combined enterprise to the total sales of the combined enterprise in the respective periods covered.

enterprise for the facal year ended October 31, 1946.

Sources: (As reported by published bulletins and monthly reports)

(1) Gas Appliance Manufacturers Association

(2) U. S. Dept. of Commerce, Bureau of Census—Facts for Industry: Series M51C

(3) Includes gas underfired, oil underfired and electric storage:
gas underfired and oil underfired from U. S. Dept. of Commerce, Bureau of Census—Facts for Industry: Series M51F; electric storage from Facts for Industry Series M51F through the fiscal year ended October 31, 1947, National Electrical Manufacturers Association for the fiscal year ended October 31, 1948

(4) Includes oil and gas units—from Facts for Industry Series M51C

No reliable and complete source of information is available as to the relative competitive positions of the combined enterprise and of other manufacturers in the same industry. The Company believes, however, that the combined enterprise constitutes one of the largest producers in the United States of gas-fired heating equipment and water heaters (gas, electric and oil) and that it has the most complete line of products in this field.

The major market for the products of the combined enterprise is in residential housing. Approximately 90% of the sales of the combined enterprise are for use in domestic dwelling units and it is believed that, in the last two and one-half years, most of these sales have gone into new housing units. Various estimates have been made as to the unfulfilled housing requirements of the United States, all of which appear to indicate a substantial need for further new residential buildings. However, because of the restrictions on the use of gas in many areas of the country, the full market for heating equipment in the present building program is not available.

During the period before the last war a large portion of the sales were made for replacement purposes. As previously described, restrictions on the use of gas have retarded the installation of gas fuel equipment as a replacement for equipment using other fuels. The apparent effect of these restrictions is to accumulate a substantial backlog of demand for new and replacement business for the gas heating industry which should materialize into sales as these restrictions are removed.

The non-residential market of the three corporations is principally in the sales of equipment for the purpose of heating commercial and industrial buildings.

During each of the past three fiscal years less than 10% of the total sales of the combined enterprise has been to any one customer.

The business of Bryant, Day & Night and Payne is not dependent upon patent protection, but patents frequently have served to improve competitive position, particularly in the initial stages of marketing certain products.

#### Employee Relations

The aggregate employment of Bryant, Day & Night and Payne, exclusive of officers, as of October 31, 1948, was approximately 1,800 persons, of whom approximately 1,225 were non-

^{**} Computed on year ended October 31, 1946, as base.

[‡] Computed on period November 1, 1945, to July 31, 1946, as base.

[†] The gas conversion burner is the product most adversely affected by the restrictions on the replacement of other types of heating with automatic gas heating.

^{††} The above products represent approximately 80% of the total heating and water heater sales of the combined enterprise for the fiscal year ended October 31, 1946.

supervisory production employees. It is estimated that there will be no material change in these employment figures during the next six months, except for normal seasonal lay-offs affecting approximately 300 employees.

The production employees of Bryant in its Cleveland plants are represented by a local union of U.A.W.-C.I.O. for collective bargaining purposes. The agreement now in effect between Bryant and the union will remain in force to May 4, 1949 and thereafter from year to year, unless and until either party shall indicate its desire to terminate, change or amend the contract, by the delivery to the other of written notice not less than 60 days prior to the expiration date or at the end of any subsequent yearly period.

The employees of Bryant at its Tyler, Texas plant are represented by a local union of the U.A.W.-C.I.O., and the initial contract between Bryant and this union will remain in effect until September 2, 1949 and yearly thereafter, unless and until either party shall indicate its desire to terminate, change or amend the contract, by the delivery to the other of written notice not less than 60 days prior to the expiration date or at the end of any subsequent yearly period.

The production employees at Payne are represented by two local unions of the Sheet Metal Workers International Association, A. F. of L. Contracts are now in effect between Payne and these unions. One contract will remain in effect until March 31, 1949 and yearly thereafter, unless and until either party shall indicate its desire to terminate, change or amend the contract by the delivery to the other of written notice not less than 30 days prior to the expiration of any yearly period subsequent to March 31, 1949. The other contract will remain in effect until April 25, 1949 and yearly thereafter, unless and until either party shall indicate its desire to terminate, change or amend the contract, by the delivery to the other of written notice not less than 60 days prior to the expiration date or at the end of any subsequent yearly period.

Copies of the four union contracts hereinabove referred to under this caption have been filed as Exhibits to the Registration Statement and reference is made to such Exhibits for full statements of the terms and provisions of such agreements. The foregoing information as to such terms and provisions is qualified in its entirety by such reference.

On the basis of an estimated total annual payroll of approximately \$2,868,000 for Bryant, Day & Night and Payne, the wage increases negotiated and put into effect in the fiscal year ended October 31, 1948, pursuant to the aforesaid union contracts, would amount annually to \$70,000, or 2.4% of such estimated annual payroll.

Employees of Day & Night are not represented by any labor organization.

Generally, relations between Bryant, Day & Night and Payne and their respective employees have been satisfactory and there have been no strikes or work interruptions for the past three years.

A group insurance plan, providing life insurance, sickness and accident benefits, hospitalization and non-occupational death and dismemberment indemnities to employees, is in effect at Bryant, Payne and Day & Night. The plan is available to all employees after a probationary period and the corporations and their participating employees contribute to the cost thereof. It is anticipated that the Company will continue the same plan with an insurance company. The total cost to the three corporations under the plan for the fiscal year ended October 31, 1948 was approximately \$1,950.

Salaried employees of the three corporations earning \$3,000 or more per annum have been eligible to participate in the pension plan of Dresser. The plan was offered to eligible employees after three years employment. It provides for retirement at age 65. The corporations and their participating employees have contributed to the cost of the plan. The maximum annuity payable to any officer or employee is \$12,000 per annum. The Dresser plan has been approved by the Treasury Department for tax deduction purposes and is insured by the John Hancock Mutual Life Insurance Company. With respect to any one employee, the annual current service cost of each corporation is that actuarially determined amount which, together with the employee's contribution, will purchase an annual annuity equal to three-tenths of such employee's contribution. It is anticipated that the Company will continue the same plan with an insurance company and the benefits already accruing to the participating employees of Bryant, Day & Night and Payne will be transferred under the plan to be adopted by the Company. The total expense applicable to the three corporations under the existing plan for the fiscal year ended October 31, 1948 was \$51,480. The aggregate amount of unpaid costs of past service benefits under the existing and the proposed plans is estimated to be \$54,000 and is payable in annual installments of approximately equal amounts during the next six years.

No forecast is made in this Prospectus as to the possible effect on the business and carnings of the Company of changes in general economic, industrial and international conditions or in legislation or governmental regulations affecting its business and operations, the Company believing that these matters cannot accurately be forecast.

Attention is called to the following factors which, among others, might in the future affect the business and earnings of the Company: Availability of and increase or decrease in the use of natural or manufactured gas for heating purposes; the relative costs of fuels such as gas, oil and coal; increase or decrease in residential building construction; increase or decrease in the use of automatic air conditioning equipment; labor disturbances or labor shortages; and changes in tax rates or in price or production costs.

#### THE PROMOTION OF THE COMPANY

Reynolds & Co., directly or indirectly, took the initiative or was instrumental in the organization of the Company. Accordingly, it may be deemed to be the "promoter" of the Company as that term is defined in the General Rules and Regulations of the Securities and Exchange Commission.

Reynolds & Co., as one of the Underwriters, will receive the respective underwriting discounts or commissions applicable to the Preferred Stock and Common Stock, with respect to the respective numbers of shares of Preferred Stock and Common Stock to be purchased by it. (The amounts of such respective discounts or commissions are set forth on the first page of the Prospectus. The respective numbers of shares of Preferred Stock and Common Stock to be purchased by Reynolds & Co. are set forth under the caption herein entitled "Underwriting Arrangements".) In addition, Reynolds & Co., as compensation for services rendered and to be rendered to the Underwriters, as their Representative, is to receive from each Underwriter amounts equal to 25¢ and 15¢, respectively, per share, on the number of shares of Preferred Stock and Common Stock which each Underwriter has agreed to purchase. Reynolds & Co. will likewise receive from the Company a commission of \$40,000, payable in equal installments, in 1949 and 1950, for services in negotiating the Term Loan referred to under the caption "Description of Funded Debt".

#### MATERIAL ACQUISITIONS OF PROPERTY

The Company has entered into agreements with Bryant, Day & Night and Payne, respectively, for the purchase of all of the assets, property and business of the respective corporations as of the close of business October 31, 1948, subject to the liabilities and adjustments hereinafter described. The respective amounts which the Company has agreed to pay to Bryant, Day & Night and Payne as consideration for such purchases are as follows:

Bryant Day & Night	\$ 6,100,000 2,770,000
Payne	2,000,000
Total	\$10,870,000

Such payments are to be made in the form of demand notes, bearing interest at the rate of 4% per annum, to be made and delivered by the Company to Bryant, Day & Night and Payne in the foregoing respective amounts.

In addition, the Company has agreed to assume all of the liabilities of each corporation as of the close of business on October 31, 1948, as shown on the Balance Sheet of said corporation as of said date or for which reserves have been set up on said Balance Sheet (provided, however; that liabilities not shown on said Balance Sheet but reserved for shall be assumed only to the extent of the amount of the reserve set up therefor), subject to adjustments resulting from the operations of the respective corporations subsequent thereto and prior to the consummation of the respective purchases and certain exceptions set forth in the agreements of sale.

The physical properties of Bryant, Day & Night and Payne to be acquired by the Company pursuant to the aforesaid agreements are those herein described under the caption "Property". The other assets to be acquired, including cash, securities, notes, accounts receivable, machinery, equipment, inventories and contracts, but excluding patents, trade-marks and trade names, are reflected in the respective Balance Sheets of the selling corporations contained in this Prospectus at pages 42 and 43. The patents, trade-marks and trade names to be acquired from each corporation are listed in schedules annexed to the respective agreements. The assets reflected in the aforesaid Balance Sheets such as cash, accounts receivable and inventories are subject to the adjustments referred to above.

Each agreement contains provisions whereby each selling corporation represents (a) that it has, and will, on the closing date, have, good and merchantable title in fee simple to all of the real estate owned by it, free and clear of all liens and encumbrances, except current taxes and assessments not yet due and payable and except certain easements and restrictions of record which have been disclosed to the Company, and (b) that it has, and will, on the closing date, have, good title to all other property of every class and description owned by it, free and clear of all liens and encumbrances whatsoever.

Each agreement also contains representations and warranties, among others, as to the completeness and accuracy of the information contained in the Balance Sheet of the respective selling corporation and as to the general affairs and financial condition of such corporation.

The obligations of the Company under each agreement are subject to the accuracy of the above-mentioned representations and warranties and to certain further conditions, including (a) the existence of a firm commitment by underwriters to purchase from the Company an issue of 40,000 shares of its \$3.00 Cumulative Preferred Stock with Non-Detachable Common Stock Purchase Warrants and an issue of 1,000,000 shares of its Common Stock at such respective prices as shall net to it not less than \$46.65 per unit of Preferred Stock with attached Warrant and \$8.00 per share of Common Stock, (b) the existence of firm commitment by insurance companies to make to the Company loans aggregating \$4,000,000, (c) the approval by counsel of legalities, (d) there being no materially adverse change, prior to the closing date, in the financial or physical condition of the selling corporation from that reflected in the aforesaid Balance Sheet of such corporation as of October 31, 1948, except loss of or damage to physical properties or the use thereof fully compensable under insurance then in force, and (e) the selling corporation not having entered into any material transactions, between October 31, 1948, and the closing date, excepting those specified in such agreement and those approved by the Company.

In each agreement, the respective selling corporation has agreed to take all necessary action to carry out and complete its voluntary dissolution and liquidation as promptly as reasonably practicable following the closing date and to take such steps as may be necessary to insure the use by the Company of the corporate name of such selling corporation.

The closing date under each agreement is to be fixed by the Company by written notice to the respective sciling corporation; provided, however, that the closing date shall in no event be later than February 28, 1949.

Subject to a firm commitment being made by the Underwriters to purchase all of the shares of Preferred Stock and 1,000,000 of the shares of Common Stock covered hereby, the Company intends that the closing under each of the aforesaid agreements shall take place after 6:00 P.M. on the same day as the effective date of the Underwriting Agreement hereinafter referred to under the caption "Underwriting Agreements".

The amount to be paid by the Company to each of the selling corporations for their respective properties was arrived at after negotiation between Messrs. H. N. Mallon and R. E. Reimer, President and Vice-President and Secretary-Treasurer, respectively, of Dresser, the sole stockholder of the selling corporations, and Mr. Lyle C. Harvey, President, General Manager and a Director of the Company and Mr. Norbert A. McKenna, a General Partner of Reynolds & Co. and a Director of the Company. The determination of such amounts was based upon the past and present combined earnings, the combined net worth and the combined working capital position of the selling corporations, the physical properties of the selling corporations, the relative position of the combined enterprise in the industry and an engineering survey made by Messrs. Sanderson & Porter. A copy of such engineering survey has been filed as an Exhibit to the Registration Statement.

Mr. Harvey was a Vice-President and Director of Dresser until July 21, 1948. Mr. Harvey is and was, at the time of such negotiations, President and General Manager and a Director of Bryant, Chairman of the Board of Directors and a Director of Payne, and Vice-Chairman of the Board of Directors and a Director of Day & Night.

Copies of each of the three agreements hereinabove referred to under this caption have been filed as Exhibits to the Registration Statement and reference is made to such Exhibits for full statements of the terms and provisions of such agreements. The foregoing information as to such terms and provisions is qualified in its entirety by such reference.

Bryant, Day & Night and Payne have executed an Agreement dated January 11, 1949, with the Company and with Reynolds & Co., individually and as Representative of the several Underwriters named in the Underwriting Agreement referred to under the caption herein entitled "Underwriting Arrangements", wherein, in order to induce the Company and the Underwriters to execute said Underwriting Agreement, Bryant, Day & Night and Payne jointly and severally represent and warrant that the statements with respect to them and each of them contained in the Registration Statement and Prospectus are true and correct and that there have been omitted from the Registration Statement and Prospectus no facts which would cause any of the statements therein with respect to Bryant, Day & Night and Payne or any of them to be materially inaccurate or misleading.

The Company has been advised by its counsel, Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer and Hazlett that the contingent liabilities of Bryant, Day & Night and Payne, under the aforesaid Agreement, in the event of the distribution of the proceeds of the sale of their

respective properties to their sole stockholder, Dresser, and their respective dissolutions as contemplated, will be imposed, by operation of law, upon Dresser, to the extent of the amount of such distribution received by it, and that such contingent liabilities will not be so imposed upon the Company.

A copy of the aforesaid agreement and opinion have been filed as Exhibits to the Registration Statement and reference is made to such Exhibits for a full statement of the terms and provisions of such agreement and opinion. The foregoing information as to such terms and provisions and opinion is qualified in its entirety by such reference.

#### Statement of net book value of common stock

Giving effect to (a) the amendment to the Certificate of Incorporation of the Company, effective January 10, 1949, (b) the sale of 40,000 shares of \$3.00 Cumulative Preferred Stock, par value \$50.00 per share, with Non-Detachable Common Stock Purchase Warrants and 1,000,000 shares of Common Stock, par value \$1.00 per share, (c) the borrowing of \$4,000,000, and (d) the acquisition of all of the assets, subject to all of the liabilities, of Bryant, Day & Night and Payne for an aggregate purchase price of \$10,870,000, the aggregate net book value, on the basis of the pro forma balance sheet of the Company at October 31, 1948, of 1,000,000 shares of Common Stock would have been \$7,419,940, or \$7.42 per share.

No representation is made that the book values of assets indicate presently realizable or fair market values or that the net book value per share stated above would be realizable in the event of liquidation.

#### PROPERTY

The properties of Bryant, Day & Night and Payne consist of land and land improvements, buildings, machinery and other equipment acquired by the present owners or their predecessors, from time to time, through construction and through purchase of new and used properties and equipment. Expenditures to maintain the plants and equipment have been made continuously by the three corporations and the plants and equipment are regarded by the Company to be in good to excellent operating condition and entirely suitable for the purposes for which they are to be used by the Company.

The following is a schedule of fixed asset additions and retirements since 1942:

Additions		Retirements					
Year		Bryant	Day & Night	Payne	Bryant	Day & Night	Раупе
1942	• • • • • •	\$ 85,906	\$ 65,803	\$ 20,341	\$ 2,253	\$ 2,939	\$ 4,191
1943		61,627	80,385	24,972	17,870	27,915	12,269
1944		40,715	<b>80</b> ,739	31,992	21,920	50,946	9,391
1945		139,933	147,161(1)	33,275(2)	52,899	16,734(1)	7,906(2)
1946		575,458	116.327	218,832	1,267	39,021	60.994
1947		335,692	102,173	56,468	2.650	8.097	4.332
1948		274,183	408,588	35,905	3,103	15,345	1,779

- (1) Ten months ended October 31, 1945.
- (2) Nine months ended October 31, 1945.

All of the plants to be acquired have railway side track connections. Insurance covering all reasonable risks is carried on all plants and equipment in amounts generally considered by the present owners to be adequate and the Company intends to continue such coverage in substantially the same amounts.

#### Bryant Heater Company

This corporation owns in fee approximately 9.8 acres of land in Cleveland, Ohio, upon which its principal plant is located. The buildings are of brick, steel and concrete construction and have a floor space of approximately 114,000 square feet. The main office and manufacturing plant were constructed in 1925. An addition to house research and engineering facilities was completed in 1945.

The plant equipment consists, generally, of a complete line of sheet metal, welding, painting and assembly equipment and machine tools for working medium and small size gray iron castings. The equipment has an average age of approximately twelve years and is in excellent condition.

Bryant has a renewable lease from year-to-year until February 28, 1952, on a plant of brick, wood and concrete construction, having a floor area of approximately 66,000 square feet, located at London Road, Cleveland, Ohio. This building is approximately thirty years old and is used chiefly for assembly purposes and has equipment consisting of jigs, fixtures and small tools, as well as a small number of sheet metal forming machines and welding machines.

In addition to the above mentioned manufacturing facilities, Bryant utilizes the facilities of two sub-contractors for complete fabrication of certain of its products and partial fabrication

of other products. These two companies are located in central Ohio, and each has complete sheet metal fabricating equipment to manufacture Bryant products.

Bryant has a lease, expiring in November, 1961, with three options to renew of five years each, from Tyler Industrial Foundation, Inc. on a plant of brick and steel construction, having a floor area of approximately 117,000 square feet, located at Tyler, Texas. This plant was completed in 1946. According to the terms of the lease agreements, Bryant has the option to purchase the leased premises under certain conditions.

#### Day & Night Manufacturing Company

This corporation owns in fee approximately 15 acres of land at Monrovia, California upon which its plant is located. The buildings are principally of concrete and steel construction and have a floor area of approximately 125,000 square feet.

. This plant is equipped with a complete line of sheet metal, welding, painting and assembly equipment, and other machines necessary for metal fabrication.

The Day & Night plant is a modern facility for the manufacture of water heaters, wall furnaces and space heaters. The equipment has an average age of less than 5 years and is in excellent condition. Day & Night has recently completed a two story, reinforced concrete addition to its main plant building at Monrovia, California, which provides 22,400 square feet of additional floor space.

# Payne Furnace Company

This corporation owns in fee approximately 4.6 acres of land at Beverly Hills, California upon which its main plant and general offices are located. The buildings are of brick and concrete construction and have a floor area of approximately 163,000 square feet.

Payne's plant equipment consists of power shears, brakes, presses, welding machines and other machinery used in metal fabrication. Approximately 70% of the machinery has been acquired within the last 10 years. This plant equipment generally is in excellent condition.

In 1947, a plant addition, representing an expenditure of \$165,000, was completed, which permits complete production from raw materials to railroad loading under one roof.

#### CONTROL AND MANAGEMENT

The names and mailing addresses of the executive officers and directors of the Company are:

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Lyle C. Harvey	2639 Belvoir Blvd., University Heights, Cleveland 18, Ohio	President, General Manager and Director
W. J. Bailey, Jr.	210 W. Orange Grove, Arcadia, Calif.	Vice President and Director
ElRoy L. Payne	1188 Coldwater Canyon, Beverly Hills, Calif.	Vice President and Director
Norbert A. McKenna	830 Park Avenue, New York, New York	Director
Francis H. Beam	2985 Morley Road, Shaker Heights, Cleveland, Ohio	Director
Philip W. Scott	3638 Lynnfield Rd., Cleveland 22, Ohio	Secretary and Treasurer

The Company intends to retain, so far as possible, the executive officers and employees of Bryant, Day & Night and Payne.

It is the intention of the Company to operate as three divisions, to be known as its Bryant Heater Division, Day & Night Division and Payne Furnace Division.

The Company has secured the services of Lyle C. Harvey, President and General Manager of Bryant, to act as its General Manager. It has entered into an Employment Agreement with Mr. Harvey, the more important provisions of which are as follows:

Mr. Harvey has agreed to serve as General Manager until December 31, 1953 and to devote his entire time to the business of the Company. The Company has agreed to pay Mr. Harvey for his services at the rate of \$48,000.00 annually. In addition, Mr. Harvey will participate in the Incentive Compensation Fund of the Company, which is outlined on page 21 of this Prospectus, to the extent of 12% of such Incentive Compensation Fund for each fiscal year during which he serves as General Manager. The Company may cancel the Employment Agreement with Mr. Harvey in the event that he is incapacitated and unable to perform his duties for a period of more than twelve consecutive months.

A copy of the aforesaid Employment Agreement has been filed as an Exhibit to the Registration Statement and reference is made to such Exhibit for a full statement of the terms and provisions of such Agreement. The foregoing information as to such terms and provisions is qualified in its entirety by such reference.

The qualifications and business experience of the officers and the directors of the Company are as follows:

Lyle C. Harvey is 49 years of age. He has been associated with Bryant Heater Company since 1926 and has been President and General Manager for the past ten years. He has been active in the gas heating industry for more than twenty years. He has been a Director and Member of the Executive Committee of the American Gas Association and a Director and President of the Gas Appliance Manufacturers Association.

W. J. Bailey, Jr. is 34 years of age. He is President and General Manager of Day & Night. He has been employed by Day & Night for the past fourteen years. He held several positions with that corporation in the fields of advertising, purchasing and sales before being elected President and General Manager in March 1944.

ElRoy L. Payne is 53 years of age. He has been actively associated with the gas heating industry for over thirty years. He is now President and since 1915 has been General Manager of Payne and its predecessor companies. He has been President of the Pacific Coast Gas Association and is a member of several important American Gas Association Committees.

Norbert A. McKenna is a General Partner of Reynolds & Co.

Francis H. Beam is a Vice President of the National City Bank of Cleveland, Cleveland, Ohio. Philip W. Scott is 37 years of age. He has been associated with Bryant since 1938 and has been Secretary-Treasurer since 1944. He is a member of the Ohio Bar. He is a Director and Vice President of the Controllers Institute of America, and a member of the Industry Advisory Committee of the U. S. Department of Commerce for the Warm Air Heating Equipment Industry.

It is the intention of the management of the Company, after the completion of this financing, to increase the Board of Directors of the Company to nine in number, and to recommend the election of the following as additional directors:

Mr. M. J. Fortier, who is Vice President and General Manager of the Sherwin Williams Company, Cleveland, Ohio;

Mr. Herbert W. Grindal, who is a General Partner of Reynolds & Co.;

Mr. H. N. Mallon, who is President of Dresser Industries, Inc, Cleveland, Ohio; and

Mr. William A. McAfee, who is a Partner of Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, Cleveland, Ohio.

Messrs. Fortier, Mallon, McAfee and Grindal have each informed the Company that they will serve as Directors, if and when elected as such.

#### Remuneration

The total remuneration paid by Bryant, Payne and Day & Night to their officers and directors during their last fiscal year ended October 31, 1948 was as follows:

	Bryant	Day & Night	Payne	Combined Enterprise
1. Directors' Fees	None(a)	None	None(b)	None
2. Officers' Salaries .	\$ 79,750.00	\$ 58,666.64	\$ 53,000.00	\$191,416.64
3. Bonuses and Share Profits Paid to D tors and Officers	irec-	51.894.00	26.623.00	161.587.00
4. Other Remunera Paid to Directors Officers—Note (c	tion and	2,834.26	4,384.14	13,951.48
5. Total Remuneration	\$169,553.08	\$113,394.90	\$ 84,007.14	\$366,955.12

- (a) The law firm of McAfee, Grossman, Taplin, Hanning, Newcomer and Hazlett, counsel for Bryant, of which one director, William A. McAfee, is a member, received for legal services rendered to Bryant for the fiscal year ended October 31, 1948, the sum of \$250.00.
- (b) Mr. Arthur L. Erb, legal counsel for Payne, and also a director of that company, received for legal services rendered to Payne for the fiscal year ended October 31, 1948, the sum of \$1,200.00.
- (c) The amounts shown consist principally of contributions by the Selling Corporations pursuant to the Pension Plan of Dresser described at page 12 hereof, in effect during the fiscal year ended October 31, 1948.

The three corporations also contributed proportionate amounts, on behalf of their officers and directors, in connection with a Group Life Insurance Program in effect during the year ended October 31, 1948. It is impossible to determine the exact amount of such contributions, but in the aggregate the amount contributed did not exceed \$300.00.

The total Officers' Salaries and Directors' Fees proposed to be paid by the Company, on an annual basis, during the first twelve months after it commences operations is estimated as follows:

Directors' Fees	. \$ 6,000.00
Officers' Salaries	. \$150,000.00

Directors' fees are not payable to directors who are currently receiving salaries or other forms of compensation from the Company, including counsel fees.

It is impractical to estimate the amount of bonuses and other remuneration to be paid by the Company to its officers and directors during its first twelve months of operations. The amount of incentive compensation for the year ended October 31, 1948 that would have been available for distribution under the Incentive Compensation Plan recently adopted by the Company amounts to \$248,100 as compared to the aggregate amount of \$239,400 available for distribution (\$224,932 actually paid) under the plans in effect at October 31, 1948. Under his employment contract with the Company, Mr. Lyle C. Harvey, President and General Manager of the Company, would have received 12% of the fund, or \$29,772. Participation of other officers in the fund would have been determined, under the Plan, by the Board of Directors of the Company and, therefore, cannot be estimated. The Incentive Compensation Plan, the Group Life Insurance Plan, and the Pension Plan adopted by the Company are reviewed elsewhere herein and reference should be made to these reviews relative to determining the methods by which the amount of bonuses or other remuneration will be ascertained.

The following table sets forth the aggregate remuneration paid by Bryant, Day & Night and Payne during the fiscal year ended October 31, 1948, to the individuals who received in excess of \$20,000, and who will serve as officers and directors of the Company:

	Capacity in Which Remuneration	Aggregate R Recei	Contributions Under	
	Received	Salary	Bonus	Pension Plan
Lyle C. Harvey	Pres., Bryant	\$24,000.00	\$35,100.00	\$3,015.54
ElRoy L. Payne	Pres., Payne	25,000.00	11,795.00	2.308.41
William J. Bailey, Jr.	Pres., Day & Night	15,000.00	26,415.50	1,680.65
Philip W. Scott	Secy. & Treas., Bryant	10,800.00	14,040.00	1,097.24

The three corporations also contributed proportionate amounts, on behalf of the above individuals, in connection with a Group Life Insurance Program in effect during the year ended October 31, 1948. It is impossible to determine by individuals, or by groups, the exact amount of such contributions, but in the aggregate the amount contributed did not exceed \$200.00.

#### Employees' Stock Purchase Plan

The Board of Directors of the Company has approved a Stock Purchase Plan under which not exceeding 25,000 shares of Common Stock of the Company may be offered and sold from time to time to such officers, directors or employees (which officers or employees may also be directors) and at such price or prices, as the Board of Directors shall determine.

The Plan provides that the offering thereunder shall be made on or about January 31, 1949, and that the price per share upon such offering under the Plan shall be the same as the price per share at which the Company shall sell to the Underwriters the 1,000,000 shares of Common Stock covered by this Prospectus.

The Board of Directors have allocated the offering of 25,000 shares in the manner set forth below:

Name	Position	Number of Shares
L. C. Harvey	President, General Manager and Director	5,000
W. J. Bailey, Jr.	Vice President and Director	2,000
E. L. Payne	Vice President and Director	2,000
P. W. Scott	Secretary-Treasurer	2,000
W. G. Cartter		1,000
J. N. Crawford	• ,	1,000
C. F. Cushing	•	1,000
G. N. Gray	•	1,000
J. A. Hughes	•	1,000
R. J. Seltzer	•	1,000
W. R. Teller	•	1,000
F. E. Wood	•	1,000
D. Young	•	1,000
P. D. Bertholf	•	500
J. H. Keber	•	500
M. H. Laundon, Jr.	•	500
B. H. McGill	•	500
K. R. Ryan	•	500
J. H. Swallow	•	500
R. D. Terhune	•	500
J. H. Willson	•	500
W. H. Wise	•	500
W. C. Wolff	•	500

^{*} Each of these persons is a department head or other key employee of the Company, having specific duties and responsibilities. Inasmuch as the Company has not as yet commenced operations, no precise titles have as yet been assigned to the positions held by these persons.

The extent to which the above named offerees will accept the offers cannot be determined at this time. Under the terms of the plan the Board of Directors may withdraw in whole or in part the offer made to any offeree. Withdrawn shares may be reallocated to others originally selected for inclusion or to new offerees selected by the Board of Directors. Withdrawn shares may be included in any subsequent offering or offerings.

The plan provides for the entering into of a purchase contract. The offers to all offerces who have not entered into the purchase contract before the close of business on the "expiration date", as defined in the plan, automatically then expire.

Each purchase contract entered into under the Plan, whether upon the initial or a subsequent offering, is to contain provisions to the following effect:

- (a) That the total price payable thereunder shall be paid in ten equal installments of which the first shall be paid at the time of entering into the purchase contract and the remaining nine successively annually on March 25th thereafter; that the officer, director or employee shall have the right to prepay, at any time or times, any one or more installments in the order in which they become due, no such prepayment to accelerate the due date of any remaining installment; and that, as each installment is paid or prepaid, the number of shares which such installment shall suffice to pay for in full shall be issued to the officer, director or employee.
- (b) That, in the event of the death prior to full performance of the purchase contract, of the officer, director or employee, the personal representative(s) of the officer, director or employee shall have the right to terminate the purchase contract, to the extent unperformed at the date of death of the officer, director or employee, or to pay the entire amount representing such unperformed portion by a single payment to be made within six months of the date of such death.
- (c) That, in the event that the officer, director or employee, voluntarily or involuntarily, for any reason whatsoever, ceases to be such officer, director or employee of the Company, prior to the full performance of the contract, the unperformed portion of the contract shall be cancelled forthwith.
- (d) That, if the officer, director or employee fails to pay any installment on or prior to its due date and such failure shall continue for ninety days after such due date, the Company may, at its option, by action of its Board of Directors, while such failure shall be continuing, by notice in writing to the officer, director or employee, either (i) declare all remaining installments immediately due and payable, whereupon they shall so become; (ii) extend the time of payment of the defaulted installment; or (iii) cancel the purchase contract to the extent then unperformed.
- (e) That, if the Company shall fail to issue to the officer, director or employee any stock which, by the terms of the purchase contract, is then issuable to him and such failure shall continue for ninety days, the officer, director or employee may, at his option, while such failure shall be continuing, by notice in writing to the Company, either (i) cancel the purchase contract to the extent then unperformed or (ii) rescind the purchase contract in its entirety, in which event upon tender to the Company of such number of shares, duly endorsed and in proper form for transfer, as shall amount in the aggregate to those previously purchased and paid for under the purchase contract, he shall be entitled to receive from the Company, and the Company shall pay, an amount equal to the amount or aggregate of the several amounts paid by him for shares purchased under the purchase contract, with adjustment however on the basis of allowance to the officer, director or employee of interest at the rate of six per cent per annum and allowance to the Company for dividends paid, such allowance in each instance to be for the period or periods between the time or times of the purchase or purchases of the stock by the officer, director or employee and the time of its tender to the Company as provided above; provided, however, that the officer, director or employee shall not be entitled to elect to proceed under the foregoing provisions of this clause (ii) of this paragraph (e), and the Company shall be under no duty to make payment as provided thereby, if, at the time, the Company has insufficient surplus to permit of the making of the payment wholly therefrom, or if the making thereof would violate any then applicable provision of the law, or any provision of the Certificate of Incorporation of the Company as then in effect, or any provision of any indenture or agreement to which the Company may then be a party whether now or hereafter entered into.
- (f) The provisions referred to in paragraphs (d) and (e) above shall be without prejudice to the right of the Company or of the officer, director or employee to exercise any other or further right or remedy available at law or in equity.
- (g) An officer, director or employee shall not have the right to sell, assign or transfer any of his right, title and interest in and to the unperformed portion of his contract.

A copy of the Stock Purchase Plan and of the form of purchase contract to be used in connection with the initial offering are filed as Exhibits to the Registration Statement. Reference thereto is hereby made and this summary is qualified in its entirety by such reference.

#### Incentive Compensation Plan

The Board of Directors of the Company has adopted an Incentive Compensation Plan, under the terms of which the Company is required to accrue as of the close of each fiscal year and to pay, within 90 days thereafter, an Incentive Compensation Fund equal to ten percent of its net profits, after deducting all state and federal income taxes thereon, for the immediately preceding fiscal year. The computation of net profits is to be made without any deduction for the Incentive Compensation Fund, but the Incentive Compensation Fund is to be deducted in computing income taxes. The computation of the Incentive Compensation Fund is to be made each year, based upon the annual audit of the Company's independent auditors. The individuals who will receive distributions from the Incentive Compensation Fund, and the amount to be received by each, will be determined by the Board of Directors of the Company, based upon the recommendations of the President and General Manager, except that, under the terms of the Employment Agreement dated August 10, 1948, between the Company and Mr. Lyle C. Harvey, President and General Manager of the Company, Mr. Harvey is to receive 12% of the Incentive Compensation Fund within 90 days after the end of each fiscal year. Except as to Mr. Harvey, under the plan, the power is reserved to the Board of Directors of the Company to determine in any fiscal year that less than the prescribed amount of the fund shall be distributed, in which event the undistributed balance of the fund is returned to income but such amount is added to the fund for the succeeding year.

A copy of the Incentive Compensation Plan has been filed as an Exhibit to the Registration Statement. Reference thereto is hereby made and this summary is qualified in its entirety by such reference.

#### Indemnification

Subdivision 8 of Article "NINTH" of the Amended Certificate of Incorporation of the Company provides as follows:

"8. Any person made a party to any action, suit or proceeding by reason of the fact that he, his testator or intestate, is or was a director, officer, or employee of the Corporation or of any corporation which he served as such at the request of the Corporation, shall be indemnified by the Corporation against any and all reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of any such action, suit or proceeding, or in connection with any appeal therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such officer, director or employee is liable for negligence or misconduct in the performance of his duties. Such right of indemnification shall not be deemed exclusive of any other rights to which such director, officer or employee may be entitled apart from this provision. Any and all amounts payable by way of indemnity hereunder shall be determined and paid in such manner as may be provided in the By-Laws of the Corporation or by resolution of the Board of Directors or of the stockholders in a specific case."

In so far as the foregoing provision of the Certificate of Incorporation of the Company may permit indemnification for liabilities arising out of the Securities Act of 1933, as amended, the Company has been advised that the Securities and Exchange Commission is of the opinion that such a provision is against public policy as expressed in the Act and therefore unenforceable. In the event that a claim for such indemnification is asserted by an officer or a director under the foregoing provision, the Company, unless the question has already been determined by controlling precedent, will submit to a court of competent jurisdiction the question whether such indemnification is against public policy as expressed in the Act and will be governed by the final adjudication of such issue. A copy of the Amended Certificate of Incorporation of the Company has been filed as an Exhibit to the Registration Statement.

#### DESCRIPTION OF FUNDED DEBT

The Company has entered into Loan Agreements dated January 6, 1949, respectively, with Massachusetts Mutual Life Insurance Company of Springfield, Mass., The Penn Mutual Life Insurance Company, of Philadelphia, Pa., and State Mutual Life Assurance Company of Worcester, Mass., respectively, providing for loans to the Company in the aggregate sum of \$4,000,000.00.

The foregoing loans are evidenced by Notes maturing on February 1, 1964 and bearing interest at the rate of 4% per annum from the date thereof until the maturity date, payable semi-annually

on the first days of February and August of each year, subsequent to the issuance of the Notes, and, after the maturity date, at the rate of 6% per annum until the principal amount has been paid in full.

On February 1 in each of the years 1950 to 1963 inclusive, so long as any principal of the Notes shall remain unpaid, the Company will pay, without premium, on the account of said principal, the sum of \$200,000.00 or, in the case of the final payment, the amount of the unpaid principal balance, if it shall be less than \$200,000.00, together with interest on the amount of the principal so paid to the date of payment. On April 15, 1951 and on April 15 of each year thereafter until (a) April 15, 1963, (b) the payment of an aggregate of \$2,000,000.00, or (c) the prepayment in full of the principal of the Notes, whichever is the earlier, the Company will pay, without premium, on the amount of the principal of the Notes a sum equal to whichever is the lesser of the unpaid principal balance of the Notes, or 10% of the net income (if any) after taxes of the Company for the preceding fiscal year.

On any date on which payment by the Company shall be required, the Company, on written notice, may prepay, without premium, on account of the principal of the Notes, a further amount equal to the amount so required to be paid on the particular date. On February 1, 1964 the Company will pay, without premium, the entire unpaid principal balance of the Notes, if any.

The Company may likewise, at any time, prepay the Notes in full, or from time to time, in part, in multiples of \$1,000.00, upon thirty days prior written notice, and, upon the payment of stipulated premiums, decreasing in rate from 334% to 34%, over the term of the Notes.

The Notes are not secured by the deposit of collateral.

In the Loan Agreements, the Company covenants, among other things, that:

- (a) The Company will maintain the excess of its current assets over its current liabilities at an amount at least equal to whichever is greater of (i) \$4,000,000, or (ii) 150% of the aggregate amount of its outstanding indebtedness due more than 12 months thereafter or extendable or renewable, at the option of the obligor, to a date more than 12 months thereafter. (For the determination of net current assets for the purpose of this clause, only wholly owned subsidiaries are considered.)
- (b) The Company will promptly pay and discharge all lawful taxes, assessments and governmental charges or levies imposed upon it or its income or profits, or any of its property, real, personal or mixed.
- (c) The Company will keep its corporate existence, rights and franchises in full force and effect and the Company will not, and will not permit any subsidiary to, without the written consent of the holder or holders of 75% in aggregate principal amount of the Notes then unpaid, sell, lease, transfer or otherwise dispose of all or substantially all of its properties or assets to, or consolidate or merge into, any other company, corporation, partnership or individual, with certain stipulated exceptions.
- (d) The Company will keep its properties in good repair, order and working condition and, from time to time, will make any needful and proper repairs, renewals, replacements, extensions, additions, betterments and improvements.
- (e) The Company will keep all its properties and inventories which are of an insurable character insured against loss or damage by fire and other risks.
  - (f) The Company will not incur other indebtedness, with certain stipulated exceptions.
- (g) The Company will not permit any mortgage, pledge, encumbrance, lien or charge of any kind upon any of its property or assets, with certain stipulated exceptions.
- (h) The Company will not make any loans or advances except to a subsidiary and will not permit any subsidiary to make any loans or advances except to any other subsidiary or to the Company, with certain stipulated exceptions.
- (i) The Company will not pay any dividends upon, make any distribution to, or purchase or otherwise acquire for a valuable consideration, any shares of its capital stock, if (i) any amount of principal or interest be due and payable, at the time, in respect of the principal of or interest on the Notes or (ii) the aggregate amount of dividends, including the proposed dividend, and capital stock acquisitions subsequent to October 31, 1948, shall exceed the sum of (a) the aggregate net income of the Company carned subsequent to October 31, 1948, (b) the aggregate net consideration received by the Company from the sale of capital stock subsequent to October 31, 1948 (other than the original issue of 1,000,000 shares of Common Stock and 40,000 shares of Preferred Stock with Warrants attached), and (c) the amount of \$620,000.

The Loan Agreements provide that, upon the written request of the respective lenders, the Company will execute and deliver a trust indenture providing for the issue thereunder of 4% debentures of the Company bearing interest at the rate and entitled to all substantive benefits of the Notes then outstanding, the debentures to be limited to the principal amount of the Notes outstanding on the actual date of the execution of the indenture. After the execution and delivery of such indenture, upon surrender of a Note by the holder thereof, the Company will deliver, without charge, in exchange therefor, a debenture or debentures in the aggregate principal amount equal to the unpaid principal amount of the Note so surrendered, having the same maturity date or dates as the Note so surrendered or of the same or a different authorized denomination or denominations and either in registered form without coupons or in coupon form, as such holder may elect, and bearing interest from the date to which interest shall have been paid on the Note so surrendered.

In case any event of default as defined in the Loan Agreements shall occur, the holder or holders of 10% of the Notes then unpaid may declare the unpaid balance of the Notes to be forthwith due and payable, in the manner and with the effect provided in the Loan Agreement.

The obligations of the lender under each Loan Agreement are subject, among other things, to the accuracy of and compliance with the representations and warranties of the Company contained therein, the approval of legal proceedings by counsel, the acquisition by the Company of the assets of Bryant, Day & Night and Payne, upon the terms and conditions set forth in this Prospectus and the sale by the Company of, and the receipt of payment for, 40,000 shares of its \$3.00 Cumulative Preferred Stock with Warrants attached and 1,000,000 shares of its Common Stock, upon the terms and conditions set forth in this Prospectus.

The time for the consummation of the loan, under each Loan Agreement, is to be such time prior to March 1, 1949, and at or after the aforesaid acquisition of assets, and the aforesaid sale of Preferred Stock and Common Stock, as the Company shall fix by prior written notice to the lender.

The foregoing statements are summaries of certain provisions of the Loan Agreements and do not purport to be complete. Reference is made to the copies of the Loan Agreements filed as Exhibits to the Registration Statement for the full provisions thereof. The foregoing statements are qualified in their entirety by such reference.

#### DESCRIPTION OF CAPITAL SHARES

The Amended Certificate of Incorporation of the Company authorizes the Company to issue 40,000 shares of \$3.00 Cumulative Preferred Stock of the par value of \$50.00 per share (hereinafter called the "Preferred Stock") and 2,000,000 shares of Common Stock of the par value of \$1.00 per share (hereinafter called the "Common Stock"). The following summary of the terms of the Preferred Stock and the Common Stock does not relate or give effect to provisions of statutory or common law and does not purport to be complete. It is subject in all respects to the provisions of the Amended Certificate of Incorporation, a copy of which has been filed as an Exhibit to the Registration Statement. Reference is hereby made to such Exhibit which is incorporated herein by reference and the information herein is qualified in its entirety by such reference.

#### PREFERRED STOCK

#### Dividends

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Holders of Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors out of any funds of the Company at the time legally available for the payment of dividends, dividends at the rate of \$3.00 per annum, payable quarterly on March 20, June 20, September 20 and December 20, in each year (hereinaster referred to as "quarterly dividend dates"), before any dividend shall be declared or paid upon or set apart for any other stock of the Company ranking junior to the Preferred Stock; and such dividends on the Preferred Stock shall be cumulative from and after the date of issue.

So long as any Preferred Stock shall remain outstanding, no dividends (other than dividends payable in stock the rights of the holders of which shall be subject or subordinate to the rights of the holders of the Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up) shall be paid upon, nor shall any distribution be made to, any class of stock ranking junior to the Preferred Stock, nor shall any shares of any such junior class be purchased or otherwise acquired for valuable consideration by the Company or any subsidiary, nor shall any shares of any such class be redeemed by the Company, nor shall any moneys be paid or made available for any such purchase, acquisition or redemption of any shares of any such class of stock under any of the following circumstances:

- (i) If dividends in full on all outstanding shares of Preferred Stock for all past quarterly dividend periods and for the then current quarterly dividend period shall not have been paid or declared and set aside for payment; or
- (ii) If the Company shall have failed to set apart for, or apply to, the redemption or purchase of Preferred Stock all amounts, if any, then or theretofore required to be set apart or applied under any retirement or sinking fund provisions with respect to the Preferred Stock; or
- (iii) If the aggregate amount of payments for all dividends, distributions, purchases, acquisitions and redemptions as to any class of stock ranking junior to the Preferred Stock (including the payment to be then made, but excluding dividends payable in stock the rights of the holders of which shall be subject or subordinate to the rights of the holders of the Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up) made subsequent to February 1, 1949 shall exceed the sum of (a) Consolidated Net Income from and after February 1, 1949, after deduction therefrom of all dividends and all retirement or sinking fund requirements after February 1, 1949 on the Preferred Stock and on any class of stock ranking prior to or on a parity with Preferred Stock, (b) \$500,000, and (c) the aggregate net consideration received by the Company from the issue or sale, subsequent to February 15, 1949, of shares of any class of such junior stock; or
- (iv) If, as of June 30 or December 31, as the case may be, next preceding the date of payment for such dividend, distribution, purchase, acquisition or redemption, and after giving effect thereto and to all other such payments, distributions, purchases, acquisitions and redemptions paid since such next preceding June 30 or December 31, the sum of (a) the par or stated value of all the then outstanding shares of stock of the Company the rights of the holders of which shall be subject or subordinate to the rights of the holders of Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up and (b) the Consolidated Surplus, shall be less than 125% of the sum of (c) Consolidated Funded Debt and (d) the involuntary liquidation value of all then outstanding shares of Preferred Stock and of any class of stock ranking prior to or on a parity with the Preferred Stock.

If, at any time, the Company shall have failed to pay dividends in full on the Preferred Stock, thereafter and until dividends in full, including all accrued and unpaid dividends on the Preferred Stock outstanding, shall have been paid or declared and set apart for payment, neither the Company nor any subsidiary shall purchase any Preferred Stock except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of Preferred Stock, upon such terms as the Board of Directors, in their sole discretion, shall determine (which determination shall be final and conclusive).

#### Limitations in any Indentures or other Agreements on the Payment of Dividends

Under the Term Loan Agreements described under the caption herein entitled "Description of Funded Debt", the Company has agreed not to pay any dividends upon, make any distribution to, or purchase or otherwise acquire for a valuable consideration, any shares of its capital stock, if (a) any amount of principal or interest be due and payable, at the time, in respect of the principal of, or interest on the Notes or (b) the aggregate amount of dividends, including the proposed dividend, and capital stock acquisitions subsequent to October 31, 1948, shall exceed the sum of (i) the aggregate net income of the Company earned subsequent to October 31, 1948, (ii) the aggregate net consideration received by the Company from the sale of capital stock subsequent to October 31, 1948 (other than the original issue of 1,000,000 shares of Common Stock and 40,000 shares of Preferred Stock with Warrants attached), and (iii) the sum of \$620,000. In addition, under the Term Loan Agreements, the Company is required to maintain the excess of its current assets over its current liabilities at an amount at least equal to whichever is the greater of (i) \$4,000,000, or (ii) 150% of the aggregate amount of its outstanding indebtedness due more than 12 months thereafter or extendable or renewable at the option of the obligor to a date more than 12 months thereafter.

#### Liquidation Rights

In the event of any liquidation, dissolution or winding-up of the Company, before any payment or distribution of the assets of the Company (whether capital or surplus) shall be made to or set apart for any other class or classes of stock ranking junior to the Preferred Stock, the Preferred Stock shall be entitled to payment at the rate of \$50 a share, plus an amount equivalent

to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to the holders of the Preferred Stock, and, in addition thereto, if such liquidation, dissolution or winding-up be voluntary, an amount equivalent to the premium per share of Preferred Stock that would then be payable, if the Preferred Stock were then redeemed for purposes other than the annual sinking fund referred to under the subheading "Sinking Fund".

#### Redemption

The shares of Preferred Stock are redeemable; and the premium payable upon their redemption (other than shares being redeemed for purposes of the annual sinking fund referred to under the subheading "Sinking Fund") over and above the par value thereof and any dividends accrued thereon will be \$3.00 per share, if redeemed on or before January 15, 1953; \$2.25 per share, if redeemed thereafter and on or before January 15, 1958; and \$1.25 per share, if redeemed thereafter.

Preferred Stock which has been redeemed will be retired and may not be reissued.

Notice of any redemption is required to be given by mail and publication at least 30 days in advance of the date designated for redemption. In the case of a partial redemption, the shares to be redeemed are required to be selected by lot or pro rata to the nearest full share as the Board may determine.

#### Sinking Fund

The Preferred Stock shall be subject to the operation of an annual sinking fund as follows:

On or before the one hundred and twentieth day following the close of each fiscal year, commencing with the fiscal year ending in 1949, the Company shall retire, through purchase, redemption or otherwise, shares of Preferred Stock of a par value equivalent to 31/3% of the aggregate par value of the total number of shares of Preferred Stock issued prior to the close of the next preceding fiscal year, plus all sinking fund arrearages, if any. Shares of Preferred Stock so retired shall be cancelled and shall not be reissued. If more than the number of shares of Preferred Stock required to be retired on or before any such date as aforesaid shall be retired prior to such date, the excess of any portion thereof may be credited against any sinking fund arrearage, or, if there be no sinking fund arrearage, against the amount to be retired on or before any subsequent such date.

An opinion of any firm of independent public accountants of recognized standing (which may be the firm which regularly examines the financial statements of the Company) as to the amount required to be set aside on any such one hundred and twentieth day, shall be conclusive evidence thereof.

Preferred Stock to be redeemed by the Company for sinking fund purposes shall be redeemed in the manner provided therefor under the subheading "Redemption", provided, however, that the price per share payable upon the redemption of the Preferred Stock for the purpose of the annual sinking fund, over and above the par value thereof and any dividends accrued thereon, shall be \$1.75 per share, if redeemed on or before January 15, 1953; \$1.50 per share, if redeemed thereafter and on or before January 15, 1958; and \$1.25 per share, if redeemed thereafter.

#### Voting Rights

The holders of the Common Stock, with one vote for each share, shall have exclusive voting power for all purposes and the holders of the Preferred Stock shall have no voting rights whatsoever and shall not be entitled to notice of any meeting or of any action to be taken by the Company or by its stockholders, except as required by law and except as provided in the Amended Certificate of Incorporation.

Whenever dividends are in arrears on the Preferred Stock in an amount equal to or exceeding the amount thereof payable thereon for one year and thereafter until all dividends accumulated thereon shall have been paid in full, the holders of the Preferred Stock shall have, with respect to the election of directors, the exclusive right, voting separately as a class, to elect one-third of the Board of Directors, but in no event less than two such directors, and the remaining directors shall be elected by the other class or classes of stock entitled to vote therefor. At any time when the holders of Preferred Stock shall have such special voting power and before the next regular meeting for the election of directors, a special meeting of stockholders shall be called for the purpose of electing directors at the written request of the holders of record of at least 10% of the outstanding Preferred Stock. At any meeting so called or at any other meeting of stockholders held for the purpose of electing directors at which the holders of Preferred Stock have

such special voting power the presence in person or by proxy of at least one-third of the shares of outstanding Preferred Stock shall constitute a quorum of such class for the election of directors by the Preferred Stock as a class.

#### Preemptive or other Subscription Rights

Holders of the Preferred Stock have no preemptive or other rights to subscribe for any additional shares of the capital stock of the Company.

#### Liability for Further Calls or Assessments

The shares of Preferred Stock are full-paid and non-assessable and are not liable to further calls or assessments.

#### Conversion Rights

The Preferred Stock carries no conversion privileges.

#### Other Special Provisions

So long as any Preferred Stock shall be outstanding, the Company shall not, without the affirmative vote, at a meeting, of the holders of at least two-thirds of the shares of the Preferred Stock then outstanding, do any of the following things:

- (i) Create any other class of stock which shall rank prior to the Preferred Stock or increase the authorized number of shares of any such other class of stock;
- (ii) Change, alter, amend, or repeal in any manner the express terms and provisions hereof applicable to the Preferred Stock; or
- (iii) Authorize any reclassification of the Preferred Stock or a liquidation, dissolution or winding-up of the Company, or a consolidation or merger of the Company, or a disposal by sale, exchange, lease, or in any other manner of all or substantially all of the property and assets of the Company;

provided, however, that the provisions of clause (iii) above shall not apply to, nor shall it operate to prevent, a consolidation or merger of the Company with another corporation, if (a) after the consummation of such consolidation or merger, (1) the resulting or surviving corporation (which may be the Company or another corporation) will have, after such merger or consolidation, no stock either authorized or outstanding ranking prior to or on a parity with the Preferred Stock or other stock issued in substitution or exchange therefor, except the same or a lesser number of shares of stock, with the same terms and provisions, as the stock or stocks of the Company ranking prior to or on a parity with the Preferred Stock authorized and outstanding immediately prior to such merger or consolidation, and (2) each holder of shares of Preferred Stock immediately prior to such merger or consolidation shall retain or receive the same number of shares of the resulting or surviving corporation having the same terms and provisions as the shares of Preferred Stock held by such holder, and (3) the resulting or surviving corporation and its subsidiaries do not have outstanding, immediately after such merger or consolidation, Funded Debt, preferred stock or common stock in an aggregate amount greater than is then permitted under the provisions of the second succeeding paragraph below and (b) none of the assets of the Company shall be distributed in connection with such consolidation or merger.

The Company shall not, without the affirmative vote, at a meeting, of the holders of at least a majority in amount of the Preferred Stock then outstanding, create any class of stock which shall rank on a parity with the Preferred Stock, or increase the authorized number of shares of any such class of stock or of the Preferred Stock.

So long as any of the Preferred Stock remains outstanding, the Company, without the affirmative vote, at a meeting, of the holders of at least two-thirds of the shares of Preferred Stock of all series then outstanding, shall not do any of the following things:

- (i) Create, incur, issue, assume or guarantee, or permit any subsidiary to create, incur, issue, assume or guarantee, any Funded Debt, except in connection with the renewal or extension of Funded Debt in amount not exceeding the principal amount of Funded Debt so renewed or extended, and, in the case of subsidiaries, except Funded Debt to the Company or a wholly-owned subsidiary; or
- (ii) Permit any subsidiary to issue any preferred shares except to the Company or to a wholly-owned subsidiary, or to issue any common shares, unless the Company or its wholly-owned subsidiaries, if any, or both, shall acquire sufficient thereof so that the proportion of such common shares thereafter outstanding owned by the Company or such subsidiaries, if

any, or both, shall not be less than the proportion of common shares theretofore outstanding owned by the Company or its subsidiaries, if any, or both; or

- (iii) Issue any shares of Preferred Stock or of any class of stock ranking prior to or on a parity with the Preferred Stock; or
- (iv) Sell or otherwise dispose of, or permit any subsidiary to sell or otherwise dispose of, except to the Company or a subsidiary, any Funded Debt or shares of stock of a subsidiary unless (a) all Funded Debt and shares of stock of such subsidiary then owned by the Company and its subsidiaries shall be disposed of simultaneously therewith and (b) immediately prior to such disposal such subsidiary shall not have owned any Funded Debt or shares of stock of the Company or its subsidiaries;

unless, as of June 30, or December 31, as the case may be, next preceding the date of such issuance, creation, incurrence, assumption, guarantee, sale or other disposition, and after giving effect thereto and to any other such issuance, creation, incurrence, assumption, guarantee, sale or other disposition, occurring since such next preceding June 30, or December 31, the sum of (a) the par or stated value of all the then outstanding shares of stock of the Company the rights of the holders of which shall be subject or subordinate to the rights of the holders of Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up and (b) the Consolidated Surplus shall be at least 125% of the sum of (c) Consolidated Funded Debt and (d) the involuntary liquidation value of all then outstanding shares of Preferred Stock and of any class of stock ranking prior to or on a parity with the Preferred Stock.

#### Definitions

The Amended Certificate of Incorporation provides that, for the purpose of the provisions in the Amended Certificate of Incorporation relative to the Preferred Stock:

- (a) The term "subsidiary" shall mean (i) any corporation the greater portion of the business of which is transacted, or the greater portion of the assets of which is located, within the territorial limits of the United States of America (including Alaska but not including any other territorial possessions) or within the territorial limits of the Dominion of Canada, and of which the Company, directly or indirectly, owns or controls such number of shares of outstanding stock as at the time shall have by the terms thereof ordinary voting power to elect a majority of the Board of Directors of such corporation, irrespective of whether or not at the time stock of any other class or classes of such corporation shall or might have voting power by reason of the happening of any contingency, and (ii) any corporation of which such number of shares of outstanding stock of the character described in the foregoing clause (i) shall at the time be owned or controlled, directly or indirectly, by the Company and any subsidiary as defined in the foregoing clause (i) or by one or more such subsidiaries;
- (b) The term "wholly-owned subsidiary" shall mean (i) any subsidiary of which the Company, directly or indirectly, owns or controls at the time all of the outstanding stock, except directors' qualifying shares and (ii) any subsidiary of which all of the outstanding stock, except directors' qualifying shares, shall at the time be owned or controlled, directly or indirectly, by the Company and any wholly-owned subsidiary as defined in the foregoing clause (i) or by one or more such wholly-owned subsidiaries;
- (c) The term "Consolidated Balance Sheet" shall mean the balance sheet of the Company or a consolidated balance sheet of the Company and its subsidiaries, if any, prepared in accordance with generally accepted principles of accounting, except that, at the option of the Company, there need not be consolidated any subsidiary which is not required to be consolidated in accordance with generally accepted principles of accounting;
- (d) The term "Consolidated Net Income" shall mean the balance remaining applicable to the Company after deducting from earnings and other income and profits of the Company or consolidated earnings and other income and profits of the Company and its subsidiaries, if any, all expenses and charges of every proper character, all as determined from time to time in accordance with generally accepted principles of accounting; provided that, there shall not be included in any such determination any profits or losses of any subsidiary which would not be required, in accordance with generally accepted principles of accounting, to be consolidated in a consolidated balance sheet prepared as of the date of such determination;
- (e) The term "Funded Debt" shall mean all indebtedness, direct or guaranteed, other than indebtedness incurred in the ordinary course of business and maturing by its terms within twelve months from the date of incurring the same; escept that there shall not be included in Funded Debt any indebtedness for the payment or redemption of which at maturity or on a redemption date sums shall have been deposited in trust;

- (f) The term "Consolidated Funded Debt" shall mean the sum of (i) all Funded Debt of the Company and its subsidiaries, if any, after eliminating all inter-company items, plus (ii) the amount payable on involuntary liquidation with respect to preferred shares of subsidiaries, if any, not owned by the Company or other subsidiaries, if any, and (iii) the proportion of net assets applicable to minority interests evidenced by common shares in subsidiaries, if any, all as computed from a consolidated balance sheet and as determined in accordance with generally accepted principles of accounting;
- (g) The term "Consolidated Surplus" shall mean the sum of carned surplus and paid-in capital surplus of the Company and its subsidiaries, if any, as determined from the balance sheet of the Company or, if the Company shall have subsidiaries, then from a consolidated balance sheet in accordance with generally accepted principles of accounting:
- (h) The term "outstanding", when used in reference to shares of stock, shall mean issued shares, excluding shares held by the Corporation or a subsidiary;
- (i) The amount of dividends "accrued" on any share of Preferred Stock as at any quarterly dividend date shall be deemed to be the amount of any unpaid dividends accumulated thereon to and including such quarterly dividend date, whether or not earned or declared, and the amount of dividends "accrued" on any share of Preferred Stock as at any date other than a quarterly dividend date shall be calculated as the amount of any unpaid dividends accumulated thereon to and including the last preceding quarterly dividend date, whether or not earned or declared, plus an amount equivalent to interest on the par value of such share at the annual dividend rate for the period after such last preceding quarterly dividend date to and including the date as of which the calculation is made;
  - (i) Any class or classes of stock of the Company shall be deemed to rank
  - (i) Prior to the Preferred Stock, if the holders of such class or classes shall be entitled in respect of dividends or upon liquidation, dissolution or winding-up to receive amounts in preference or priority to the holders of the Preferred Stock;
  - (ii) On a parity with the Preferred Stock (whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share thereof be different from those of the Preferred Stock), if the holders of such class or classes of stock shall be entitled in respect of dividend or upon liquidation, dissolution or winding-up to receive amounts in proportion to their respective dividend rates or liquidation prices without preference or priority one over the other with respect to the holders of the Preferred Stock;
  - (iii) Junior to the Preferred Stock, if the rights of the holders of such class or classes shall be subject or subordinate to the rights of the holders of the Preferred Stock in respect of the receipt of dividends or amounts distributable upon liquidation, dissolution or winding-up.

The Company will reimburse the holders of shares of Preferred Stock who are residents of Pennsylvania for personal property taxes which shall be assessed in Pennsylvania upon such shares, not exceeding, however, in the aggregate, eight mills per annum on each dollar of the taxable value of each such share of Preferred Stock; provided that such tax shall have been actually paid by such holders and application for reimbursement made in the manner prescribed therefor in the Amended Certificate of Incorporation.

#### COMMON STOCK

#### Dividends

Whenever at any time full cumulative dividends for all past dividend periods and for the then current dividend period shall have been paid or declared and set apart for payment on the then outstanding Preferred Stock, and, after complying with all the provisions with respect to the annual sinking fund for the Preferred Stock, the Board of Directors may declare and pay dividends on the Common Stock, subject to the limitations on the payment of dividends on any class or classes of stock junior to the Preferred Stock referred to under the subheading "Dividends' under the heading "Preferred Stock".

# Limitations in any Indentures or other Agreements on the Payment of Dividends

Under the Term Loan Agreements described under the caption herein entitled "Description of Funded Debt", the Company has agreed not to pay any dividends upon, make any distribution

to, or purchase or otherwise acquire for a valuable consideration, any shares of its capital stock, if (a) any amount of principal or interest be due and payable, at the time, in respect of the principal of, or interest on the Notes or (b) the aggregate amount of dividends, including the proposed dividend, and capital stock acquisitions subsequent to October 31, 1948, shall exceed the sum of (i) the aggregate net income of the Company earned subsequent to October 31, 1948, (ii) the aggregate net consideration received by the Company from the sale of capital stock subsequent to October 31, 1948 (other than the original issue of 1,000,000 shares of Common Stock and 40,000 shares of Preferred Stock with Warrants attached), and (iii) the sum of \$620,000. In addition, under the Term Loan Agreements, the Company is required to maintain the excess of its current assets over its current liabilities at an amount at least equal to whichever is the greater of (i) \$4,000,000, or (ii) 150% of the aggregate amount of its outstanding indebtedness due more than 12 months thereafter or extendable or renewable at the option of the obligor to a date more than 12 months thereafter.

#### Voting Rights

The holders of the Common Stock, with one vote for each share (except for cumulative voting at elections of Directors), shall have exclusive voting power for all purposes and the holders of the Preferred Stock shall have no voting rights whatsoever and shall not be entitled to notice of any meeting or of any action to be taken by the Company or by its stockholders, except as required by law and except as provided in the Amended Certificate of Incorporation as hereinabove indicated under the sub-caption "Preferred Stock." At all elections of Directors, however, each holder of Common Stock is entitled to as many votes as shall equal the number of his shares of stock multiplied by the number of Directors to be elected and such holder may cast all of such votes for a single Director or may distribute them among the number to be voted for, or any two or more of them, as such holder may see fit.

#### Liquidation Rights

Upon any liquidation, dissolution or winding-up of the Company, after payment shall have been made in full to the Preferred Stock as provided under the subheading "Liquidation Rights" under the heading "Preferred Stock", but not prior thereto, the holders of the Common Stock shall be entitled to share ratably in any and all assets remaining to be paid or distributed to the exclusion of the holders of the Preferred Stock.

#### Preemptive or other Subscription Rights

Holders of the Common Stock have no preemptive or other rights to subscribe for any additional shares of capital stock of the Company.

## Liability to Further Calls or Assessments

The shares of Common Stock are full-paid and non-assessable and are not liable to further calls and assessments.

### Other Provisions

The Common Stock carries no conversion privileges and it is not subject to redemption.

# WARRANTS FOR THE PURCHASE OF COMMON STOCK AND SCRIP CERTIFICATES

Each certificate representing shares of \$3.00 Cumulative Preferred Stock will have attached a non-detachable Warrant for the purchase of Common Stock of the Company. The Warrants will initially provide for the right to purchase one share of Common Stock for each share of Preferred Stock, at the purchase price of \$11.25 per share as stated on the face of the Warrants.

The Warrants will be exercisable in whole and not in part and will become void after January 15, 1954 or upon acquisition by the Company through redemption or otherwise of the shares of Preferred Stock to the certificates for which the Warrants are attached. The Warrants will contain provisions designed to protect them against dilution in certain events, including stock dividends, the change as a whole of the Common Stock into the same or different number of shares, with or without par value, or into shares of any other class or classes of stock, and the issuance of stock with respect to the Common Stock, pursuant to the terms of a consolidation or merger of the Company, with, or a transfer by the Company of its property as an entirety to, another corporation, and the number of shares receivable upon the exercise of the Warrants may be adjusted from time to time in accordance with such provisions. The Company is not to be required to issue fractional shares of Common Stock upon exercise of the Warrants. The holder of a Warrant shall be entitled, upon exercise thereof, to receive a scrip certificate in

bearer form with respect to the fraction of a share purchased upon exercise of a Warrant. Such scrip certificate may at any time, within a period of one year from the date of issue, be combined with other scrip certificates and be exchanged for one or more full shares of the Common Stock, subject to the terms and conditions of the scrip certificates. Neither the holders of the Warrants nor of the scrip certificates are to have, by reason of their ownership thereof, any rights as a stockholder or any rights to dividends or other distribution. Reference is made to page 4 of this Prospectus for information as to the use of proceeds derived from the sale of shares of Common Stock pursuant to the exercise of the Warrants.

\$50 of the consideration of \$50.10 per unit to be received by the Company for the 40,000 shares of Preferred Stock with Non-Detachable Warrants is to be credited to the Preferred Stock Capital Account and the balance of 10¢, the consideration for the Warrant, is to be credited to the Capital Surplus Account. The payment of \$134,000 for services of the Underwriters in connection with the financing is to be charged against the Capital Surplus Account.

Of the consideration to be received for each share of the Common Stock offered hereby, and for each share of the Common Stock issued upon the exercise of the Warrants, \$1.00 is to be credited to Common Stock Capital Account and the balance, after deducting the expenses in connection with the issue, will be credited to the Capital Surplus Account.

#### UNDERWRITING ARRANGEMENTS

The Company has entered into an Underwriting Agreement with the several Underwriters named below whereby the Company has agreed, on the terms of and subject to the conditions specified in such Agreement, to sell to the Underwriters severally an aggregate of 40,000 shares of \$3.00 Cumulative Preferred Stock with non-detachable Common Stock Purchase Warrants and 1,000,000 shares of Common Stock and the several Underwriters have severally agreed, on the terms of and subject to the conditions specified in such Agreement, to purchase from the Company the respective numbers of shares of Preferred Stock with Non-Detachable Warrants and Common Stock set forth below opposite the respective names of such Underwriters, at the respective purchase prices hereinafter specified:

Names of the Several Underwriters	Addresses	Number of Shares of Preferred Stock with Non-Detachable Warrants to be Purchased	Number of Shares of Common Stock to be Purchased
Reynolds & Co.	120 Broadway New York 5, N. Y.	3,200	80,000
A. C. Allyn & Company, Inc.	100 West Monroe Street Chicago 3, Ill.	1,350	35,000
Arthurs, Lestrange & Klima	Union Trust Building Pittsburgh 19, Penna.	100	2,500
Auchincloss, Parker & Redpath	729 15th Street, N.W. Washington 5, D. C.	400	10,000
Ball, Burge & Kraus	Union Commerce Building Cleveland 14, Ohio	640	16,000
Biddle, Whelan & Co.	1606 Walnut Street Philadelphia 3, Penna.	80	2,000
Bioren & Co.	1508 Walnut Street Philadelphia 2, Penna.	100	2,500
Blair & Co., Inc.	44 Wall Street New York 5, N. Y.	400	. 10,000
Boenning & Co.	1606 Walnut Street Philadelphia 3, Penna.	320	8,000
Bond & Goodwin, Inc.	63 Wall Street New York 5, N. Y.	200	5,000
Branch, Cabell & Company	814 East Main Street Richmond 17, Va.	300	7,500
Brooke & Co.	15th & Locust Streets Philadelphia 2, Penna.	200	5,000
Buckley Securities Corporation	1420 Walnut Street Philadelphia 2, Pa.	80	2,000

Names of the Several Underwriters	Addresses	Number of Shares of Preferred Stock with Non-Detachable Warrants to be Purchased	Number of Shares of Common Stock to be Purchased
Burr & Company, Inc.	57 William Street New York 5, N. Y.	100	2,500
Butcher & Sherrerd	1500 Walnut Street Philadelphia 2, Penna.	500	12,500
H. M. Byllesby & Company, Incorporated	135 South LaSalle Street Chicago 3, Ill.	100	2,500
Cohû & Co.	1 Wall Street New York 5, N. Y.	200	5,000
George R. Cooley & Co., Inc.	100 State Street Albany 7, N. Y.	200	5,000
Crouse & Company	Penobscot Building Detroit 26, Michigan	200	5,000
S. K. Cunningham & Co., Inc.	Commonwealth Building Pittsburgh 22, Penna.	200	5,000
Paul H. Davis & Co.	10 South LaSalle Street Chicago 3, Ill.	800	20,000
Dempsey-Tegeler & Company	407 North 8th Street St. Louis 1, Mo.	100	2,500
Dittmar & Company	South Texas Building San Antonio 6, Texas	400	10,000
Dixon & Company	1411 Chestnut Street Philadelphia 2, Penna.	100	2,500
Doolittle & Co.	Liberty Bank Building Buffalo 2, N. Y.	120	3,000
Drexel & Co.	1500 Walnut Street Philadelphia 1, Penna.	1,350	35,000
Francis I. duPont & Co.	1 Wall Street New York 5, N. Y.	. 160	4,000
Eastman, Dillon & Co.	15 Broad Street New York 5, N. Y.	1,450	37,500
A. G. Edwards & Sons	409 N. Eighth Street St. Louis 1, Mo.	80	2,000
Emanuel, Deetjen & Co.	52 William Street New York 5, N. Y.	100	2,500
Clement A. Evans & Co. Inc.	First National Bank Building Atlanta 3, Georgia	200	5,000
Farwell, Chapman & Co.	208 South LaSalle Street Chicago 4, Ill.	400	10,000
Ferris & Company	Washington Building Washington 5, D. C.	120	3,000
First California Company	300 Montgomery Street San Francisco 20, Calif.	400	10,000
The First Cleveland Corp.	National City Bank Building Cleveland 14, Ohio	400	10,000
Fraser, Phelps & Co.	Hospital Trust Building Providence 3, R. I.	80	2,000
M. M. Freeman & Co., Inc.	262 S. 15th Street Philadelphia 2, Penna.	120	3,000
Glover & McGregor, Inc.	Union Trust Building Pittsburgh 19, Penna.	200	5,000
Grubbs, Scott & Company, Inc.	Union Trust Building Pittsburgh 19, Penna.	80	2,000
Hallowell, Sulzberger & Co.	111 South Broad Street Philadelphia 7, Penna.	80	2,000
Harriman Ripley & Co., Incorporated	63 Wall Street New York 5, N. Y.	1,700	45,000

Names of the Several Underwriters	Addresses	Number of Shares of Preierred Stock with Non-Detachable Warrants to be Purchased	Number of Shares of Common Stock to be Purchased
Hayden, Stone & Co.	25 Broad Street New York 4, N. Y.	1,350	35,000
Hill, Richards & Co.	621 South Spring Street Los Angeles 14, Calif.	200	5,000
Hornblower & Wecks	40 Wall Street New York 5, N. Y.	1,200	30,000
Harold II. Huston & Co.	Hoge Building Scattle 4, Wash.	200	5,000
Jenks, Kirkland & Co.	1421 Chestnut Street Philadelphia 2, Penna.	160	4,000
Edward D. Jones & Co.	300 North 4th Street St. Louis 2, Mo.	1,000	10,000
Kay, Richards & Company	Union Trust Building Pittsburgh 19, Penna.	200	5,000
Kidder, Pcabody & Co.	17 Wall Street New York 5, N. Y.	1,450	37,500
H. G. Kuch & Company	Widener Building Philadelphia 7, Penna.	80	2,000
Laird, Bissell & Meeds	Du Pont Building Wilmington 99, Del.	200	5,000
Lee Higginson Corporation	40 Wall Street New York 5, N. Y.	1,350	. 35,000
Laurence M. Marks & Co.	49 Wall Street New York 5, N. Y.	1,450	37,500
The Marshall Company	762 North Water Street Milwaukee 2, Wisc.	200	5,000
Mason-Hagan, Inc.	1108 E. Main Street Richmond 10, Va.	120	3,000
Mason, Moran & Company	135 S. LaSalle Street Chicago 3, Ill.	460	11,500
A. E. Masten & Company	First National Bank Building Pittsburgh 22, Penna.	<b>2</b> 00	5,000
Merrill, Turben & Co.	Union Commerce Building Cleveland 14, Ohio	300	7,500
The Milwaukee Company	207 East Michigan Street Milwaukee 2, Wisc.	400	10,000
Moroney, Beissner & Co.	812 Rusk Avenue Houston 2, Texas	80	2,000
W. H. Newbold's Son & Co.	1517 Locust Street Philadelphia 2, Penna.	140	3,500
Newburger & Co.	1342 Walnut Street Philadelphia 7, Penna.	200	5,000
Pacific Company of California	623 South Hope Street Los Angeles 14, Calif.	300	<i>7</i> ,500
Paul & Lynch	123 South Broad Street Philadelphia 9, Penna.	80	2,000
Peltason, Tenenbaum Co.	803 Landreth Building St. Louis 2, Mo.	200	5,000
Penington, Colket & Co.	123 S. Broad Street Philadelphia 9, Penna.	160 .	4,000
Piper, Jaffray & Hopwood	115 South 7th Street Minneapolis, Minn.	800	20,000
Prescott, Hawley, Shepard & Co., Inc.	114 Guardian Building Cleveland 14, Ohio	200	5,000

Names of the Several Underwriters	Addresses	Number of Shares of Preferred Stock with Non-Detachable Warrants to be Purchased	Number of Shares of Common Stock to be Purchased
am & Co.	6 Central Row Hartford 4, Conn.	200	5,000
bo, Close & Kerner, Inc.	1518 Locust Street Philadelphia 2, Penna.	120	3,000
l, Lear & Co.	Grant Building Pittsburgh 19, Penna.	80	2,000
ig J. Rice & Company, Inc.	First National Bank Building St. Paul 1, Minn.	80	2,000
1. Riecke & Co., Inc.	1528 Walnut Street Philadelphia 2, Penna.	80	2,000
II. Rollins & Sons, neorporated	40 Wall Street New York 5, N. Y.	- 1,350	35,000
J. Sailer & Co.	113 South 5th Street Philadelphia 6, Penna.	80	2,000
ierek, Richter Company	Landreth Building St. Louis 2, Mo.	100	2,500
ields & Company	44 Wall Street New York 5, N. Y.	800	20,000
ils, Minton & Company, Incorporated	209 South LaSalle Street Chicago 4, Ill.	480	12,000
M. Simon & Co.	315 North 4th Street St. Louis 2, Mo.	200	5,000
inger, Deane & Scribner	Union Trust Building Pittsburgh 19, Penna.	300	7,500
mith, Hague & Co.	Penobscot Building Detroit 26, Mich.	400	10,000
tein Bros. & Boyce	6 South Calvert Street Baltimore 2, Md.	`480	12,000
Stifer, Nicolaus & Company, Incorporated	314 North Broadway St. Louis 2, Mo.	200	5,000
itix & Co.	509 Olive Street St. Louis 1, Mo.	100	2,500
Strader, Taylor & Co., Inc.	Peoples National Bank Building Lynchburg, Va.	200	5,000
Straus & Blosser	135 South LaSalle Street Chicago 3, Ill.	600	15,000
Sutro & Co.	407 Montgomery Street San Francisco 4, Calif.	480	12,000
Swency, Cartwright & Co.	Huntington Bank Building Columbus 15, Ohio	100	2,500
Thayer, Baker & Co.	Commercial Trust Building Philadelphia 2, Penna.	80	2,000
Union Securities Corporation	65 Broadway New York 6, N. Y.	1,450	37,500
Wagenseller & Durst, Inc.	626 South Spring Street Los Angeles 14, Calif.	240	6,000
G. H. Walker & Co.	1 Wall Street New York 5, N. Y.	1,350	35,000
Harold E. Wood & Company	First National Bank Building St. Paul 1, Minn.	200	<b>_ 5,000</b>
Woodcock, McLear & Co.	1518 Walnut Street Philadelphia 2, Penna.	100	2,500
Wurts, Dulies & Co.	1416 Chestnut Street Philadelphia 2, Penna.	160	4,000
	-	40,000	1,000,000

The purchase price per unit or share which the Underwriters are to pay to the Company for the units of Preferred Stock with Non-Detachable Warrants and shares of Common Stock purchased by them is \$50.10 and \$8.00, respectively.

The Company is to pay the Underwriters, in consideration of services rendered by the Underwriters in connection with the financing, \$134,000, or a sum equivalent to \$3.35 per unit, for each of the 40,000 units of Preferred Stock with Warrants attached. Based upon the amount to be paid by the Underwriters to the Company for the 40,000 units of Preferred Stock with Warrants attached and the public offering price of such 40,000 units set forth on the cover page of this Prospectus, the net amount to be received by the Underwriters from the Company in this connection will be \$130,000, or a sum equivalent to \$3.25 per unit.

None of the above Underwriters controls, is controlled by, or is in common control with, the Company. However, attention is called to the facts that, as stated under the caption "The Promotion of the Company", Reynolds & Co. may be deemed to be the "promoter" of the Company, as that term is defined in the General Rules and Regulations of the Securities and Exchange Commission, that Mr. Norbert A. McKenna, a General Partner of Reynolds & Co., is a director of the Company and that Mr. Herbert W. Grindal, a General Partner of Reynolds & Co., may become a director of the Company.

Payment for and delivery of the 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1,000,000 shares of Common Stock to be purchased from the Company is to be made on a closing date (to be designated by Reynolds & Co., as Representative of the several Underwriters, hereinafter called the "Representative") not later than seven days after the first day of the public offering, unless a later date is agreed to or unless the Representative elects to postpone the closing pursuant to a right to do so, under certain conditions, conferred upon it in the Agreement.

Reference is made to the caption "Application of Proceeds" in respect of the Company's plan to purchase the assets, subject to certain liabilities, of Bryant, Day & Night and Payne, by means of demand notes for an aggregate of \$10,870,000, with payment of such notes to be made out of the proceeds from the payment by the Underwriters for the Preferred Stock and the Common Stock and the proceeds of the Term Loans described under the caption "Description of Funded Debt".

The Underwriting Agreement provides that the several obligations of the Underwriters are subject to certain conditions, including approval by counsel of the legality of the Preferred Stock and the Common Stock, as well as of certain other legal matters, and there being no material adverse change prior to the closing date in the financial position or general affairs of the Company, other than changes in the regular course of business, from that set forth in the Registration Statement and in this Prospectus, or except as referred to in the Registration Statement and in this Prospectus.

Underwriters who have agreed to purchase, on the terms of and subject to the conditions specified in the Underwriting Agreement, in the aggregate at least 40% of the shares of Preferred Stock and Common Stock agreed to be sold, may also in its or their own unrestricted discretion cancel and terminate their rights and any obligations that they may have under the Underwriting Agreement by notice to the Company at any time up to the effective date of the Underwriting Agreement.

The Underwriting Agreement provides that it shall become effective at 10:00 A.M., Eastern Standard Time, on the seventh day (excluding any Saturday, Sunday or legal holiday) following the date upon which the Registration Statement becomes effective or at 6:00 P.M., Eastern Standard Time, on the day on which the Representative shall first release any newspaper advertisement relating to the Preferred Stock and the Common Stock for publication on the succeeding day, whichever shall be the earlier; such time and date being defined in the Underwriting Agreement as the "effective date" thereof. Accordingly, the Underwriters will not become irrevocably bound to purchase the Preferred Stock and Common Stock until the aforesaid effective date.

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The transaction will not be consummated unless all of the 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1,000,000 shares of Common Stock to be sold by the Company are purchased by the Underwriters.

The Underwriting Agreement contains provisions whereby (a) the Company agrees to indemnify each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Securities Act against certain types of civil liability arising in connection with the Registration Statement or this Prospectus or under the "Blue Sky" laws of certain states; and (b) each Underwriter similarly agrees to indemnify the Company and each of its officers and directors, and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act against certain types of civil liability arising in connection with the Registration Statement or this Prospectus or under the "Blue Sky" laws of certain states with respect to written information furnished to the Company by such Underwriter for the purpose.

By the Underwriting Agreement, the Underwriters have agreed, subject to the terms and conditions thereof, to make a public offering not later than the seventh full business day after the effective date of the Registration Statement, of the 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1,000,000 shares of Common Stock to be sold by the Company.

Reference is made to the caption in this Prospectus entitled "Terms of Offering" for the prices and manner of such public offering.

The Company has agreed to pay all expenses incidental to the performance of its obligations under this Agreement; and to pay, to the extent of \$6,000, subject to certain conditions, any expenses that may be incurred by the Underwriters in connection with qualifying or registering the Preferred Stock with Non-Detachable Warrants and the Common Stock for sale under the laws of the various states.

The Company has agreed, subject and subsequent to the purchase by the Underwriters of the 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1,000,000 shares of Common Stock, and subject to funds being lawfully available therefor, that the Board of Directors of the Company will declare a dividend of 221/24 per share on the Common Stock, payable on April 1, 1949 to the holders of record on March 15, 1949.

The Company has agreed, at the request of the Representative within two years, and subject to the purchase by the Underwriters of the 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1,000,000 shares of Common Stock, at the Company's expense, promptly to use its best efforts to procure the listing, on such National Securities Exchange or Exchanges as the Representative may specify, of the shares of Preferred Stock (with Non-Detachable Warrants, to the extent that such Warrants are then outstanding) and Common Stock and for their registration under the Securities Exchange Act of 1934, as amended. The Representative has informed the Company that it intends to request the Company to list the shares of Preferred Stock and Common Stock on the New York Stock Exchange within such two year period and as soon as, in the opinion of the Representative, a sufficiently broad distribution of the Preferred Stock and Common Stock has been effected.

The Company has agreed to pay Reynolds & Co. 1%, or \$40,000, of the principal amount of the Term Loans referred to under the caption "Description of Funded Debt" for services in connection with negotiating such Term Loans; such payment to be made in two equal installments, payable at the time of the consummation of the Term Loans and one year thereafter. A copy of such agreement is filed as an Exhibit to the Registration Statement.

Reference is made to the caption "Control and Management", wherein it is stated that Mr. Norbert A. McKenna, a General Partner of Reynolds & Co., is a director of the Company and that Mr. Herbert W. Grindal, a General Partner of Reynolds & Co., may become a director of the Company. In so far as the Underwriting Agreement may permit indemnification of Mr. McKenna and Mr. Grindal (if he should become a director) for liabilities arising under the Securities Act of 1933, as amended, or for the breach by the Company of any of its warranties set forth in the Underwriting Agreement, the Company has been advised that, in the opinion of the Securities and Exchange Commission, it is against public policy, as expressed in that Act, and therefore unenforceable. In the event that a claim for indemnfication as aforesaid is asserted by the Representative against the Company, the Company, unless the question has already been determined by controlling precedent, will submit to a court of appropriate jurisdiction the question whether such indemnification, to the extent of Mr. McKenna's and Mr. Grindal's participation therein, is against public policy as expressed in the Act and will be governed by the final adjudication of such court on such issue. Reference is also made to the caption "Indemnification".

For the complete provisions of the Underwriting Agreement, reference is hereby made to a copy thereof filed as an Exhibit to the Registration Statement and which is incorporated herein by reference. The foregoing summary is qualified in its entirety by such reference.

#### TERMS OF OFFERING

The Company is advised as follows:

The 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1,000,000 shares of Common Stock to be purchased by the Underwriters from the Company, pursuant to the Underwriting Agreement, will be initially offered, aeverally by the Underwriters, for sale at the respective initial public offering prices stated on the cover page of this Prospectus, when, as and if issued and delivered, and subject to the approval of legal proceedings by counsel, to allotment and prior sale, to withdrawal, cancellation or modification of the offering without notice, and to the further terms of offering herein set forth. Such shares may subsequently be offered at a price or prices other than the respective initial public offering prices to the extent that in the discretion of Reynolds & Co., as Representative of the Underwriters, changes in market conditions render desirable such other price or prices.

All or a part of the aforesaid 40,000 shares of Preferred Stock with Non-Detachable Warrants and 1.000.000 shares of Common Stock may be offered to members of a Selling Group, consisting of certain dealers (in which any or all of the Underwriters may be included), and of which, if formed, Reynolds & Co. is to be the Manager. If Reynolds & Co. decides that such a Selling Group be formed the proposed members thereof are to be afforded the opportunity of entering subscriptions with the Manager, subject to allotment by the Manager, for the purchase of the Preferred Stock with Non-Detachable Warrants and Common Stock severally from one or more of the Underwriters at the respective initial offering price, less a concession of not in excess of \$2.00 per unit in the case of the Preferred Stock with Non-Detachable Warrants and 75¢ per share in the case of the Common Stock. If such a Selling Group is formed, the Selling Group Agreement (hereinafter called the "Selling Agreement") will provide that (1) out of such concessions members may reallow to any dealer who is a member of the National Association of Securities Dealers, Inc., not in excess of 25¢ per unit of the Preferred Stock with Non-Detachable Warrants and per share of the Common Stock, respectively, if it is to be retained by such dealer and not reallowed in whole or in part; (2) all or any part of such concessions may be allowed by members on sales to Reynolds & Co., acting for the accounts of the several Underwriters, and, after the subscription books have been closed, all or any part of the concession may be allowed by members on sales to other members or to Underwriters; and (3) the Selling Group is to terminate on the twentieth day after the initial public offering date, unless extended by the Manager for a period of not more than ten days; provided, however, that the Manager may terminate the Selling Group at any time. The Selling Agreement will likewise provide that each member, at any time or times prior to the termination thereof, will, upon request of the Manager sell to the Manager, at the respective initial public offering prices thereof less amounts to be determined by the Manager, but not in excess of the respective selling concession, as many of the shares which were purchased by such member and which remain unsold as the Manager may designate.

The Underwriters have agreed that, if a Selling Group is formed in connection with the Preferred Stock with Non-Detachable Warrants and Common Stock, the Underwriters, in making direct sales of any Preferred Stock with Non-Detachable Warrants and Common Stock will be governed by the terms and conditions applicable to members of the Selling Group. If there shall be no Selling Group, the Underwriters, in making direct sales of Preferred Stock with Non-Detachable Warrants and Common Stock prior to the termination of the Agreement Among Underwriters or such earlier time as Reynolds & Co. may fix, will sell such shares at the respective initial public offering prices. During such period the Underwriters, on sales to qualified dealers, may reallow not in excess of 25¢ per unit of the Preferred Stock with Non-Detachable Warrants and per share of the Common Stock, respectively, and, on sales to Reynolds & Co. acting for the accounts of the several Underwriters, and, after such time as Reynolds & Co. may fix, on sales to other Underwriters, may allow a concession of not in excess of \$3.25 per unit in the case of the Preferred Stock with Non-Detachable Warrants and \$1.25 per share in the case of the Common Stock.

The Selling Agreement contains a provision that the aggregate concession payable to Selling Group Members in respect of units or shares purchased and paid for by them will be held by the Manager for the account of such members and will be paid to them after the termination of such Agreement, except that, as to any units or shares delivered to respective members thereunder and units or shares which the Manager believes have been substituted therefor which for the account of any Underwriter the Manager may purchase or contract to purchase prior to the termination of such Agreement, or which may be delivered against a purchase contract made by the Manager for the account of any Underwriter, prior to the termination of such Agreement, the Manager shall not be obligated to pay the concession to which the Selling Group Member would have been entitled if such units or shares had been placed with persons who had retained them.

The Representative is authorized by the Agreement Among Underwriters, for their several accounts, to over-allot and to buy and sell shares of Preferred Stock with Non-Detachable Warrants (which shares of Preferred Stock, either with or without Warrants attached, are hereinafter under the caption "Terms of Offering", sometimes referred to as the "Preferred Stock") and Common Stock, in the open market or otherwise, in each case for either long or short account and at such respective prices as the Representative in its discretion deems desirable, it being understood that such purchases and sales shall be made for the account of each of the Underwriters as nearly as practicable in proportion to the number of shares of Preferred Stock and Common Stock which each Underwriter has severally agreed to purchase; provided, however, that at no time shall the commitment of any Underwriter pursuant to such authorization, for long or short account, exceed 10% of the number of shares of Preferred Stock and Common Stock which each Underwriter has severally agreed to purchase as indicated under the caption "Underwriting Arrangements", except that each Underwriter has agreed to assume its proportionate share of the commitment pursuant to such authorization of any Underwriter which defaults in its obligations. Each Underwriter has agreed

to sell to the Representative, upon its request, for the several accounts of the Underwriters, during the term of the Agreement Among Underwriters and at the respective initial public offering prices, less amounts to be determined by the Representative, but not in excess of the respective selling concessions, all or any part of the shares of Preferred Stock and Common Stock which then remain unsold, if in the opinion of the Representative such action is desirable in order to enable the Representative, on behalf of the several Underwriters, to deliver Preferred Stock and Common Stock for their account pursuant to such Agreement. Each Underwriter has agreed that it will, upon request, take up at cost until the settlement of accounts under the Agreement, for carrying purposes only, shares purchased by the Representative for its account, and upon the request of the Representative, that it will deliver to the Representative shares sold for its account through overallotment or otherwise. The Representative is to have full discretionary power to pay commissions in connection with such purchases and sales as it may deem proper and to charge the respective accounts of the Underwriters with any such commissions on purchases and sales effected by it. Such Agreement is to terminate twenty days after the termination of the Selling Agreement, unless extended for a period of not more than ten days from such date, provided, however, that the Representative may terminate such Agreement at any time.

The purpose of the provisions referred to in the foregoing paragraph is to facilitate the offering of the Preferred Stock and Common Stock, by effecting transactions in the Preferred Stock and Common Stock in the manner set forth above, for the purpose of attempting to stabilize the price thereof. The 40,000 shares of Preferred Stock and 1,000,000 shares of Common Stock represent new issues of securities, for which there has not previously existed any market, and the Underwriters may be initially a dominating influence and thereafter a factor of decreasing importance in markets for the Preferred Stock and Common Stock. Under such circumstances, the respective market or bid or asked prices of such shares may not be prices determined solely by supply and demand, but may be prices in excess thereof, determined by the Underwriters in their own interest in connection with the distribution. If stabilizing transactions are effected, at the expiration of the stabilization period such markets may cease to have the support theretofore furnished by the Underwriters. The foregoing is not an assurance that the prices of the Preferred Stock and Common Stock will be stabilized or that the stabilizing, if commenced, may not be discontinued at any time.

Each Underwriter has agreed that, during the term of the Agreement Among Underwriters, it will make no purchases or sales of Preferred Stock and Common Stock for its own account (other than shares of Preferred Stock and Common Stock which it has agreed to purchase and which are not sold to Sciling Group Members) except with the consent of the Representative; but such agreement does not extend to unsolicited brokerage transactions.

In accordance with the Agreement Among Underwriters, Reynolds & Co., as compensation for services rendered and to be rendered to the Underwriters, is to receive from each Underwriter amounts equal to 25¢ and 15¢, respectively, per share on the number of shares of Preferred Stock and Common Stock which each Underwriter has agreed to purchase as herein set forth.

For the complete provisions of the Agreement Among Underwriters and of the Selling Agreement, reference is made to the copies thereof filed as Exhibits to the Registration Statement and which are incorporated herein by reference. The foregoing summaries are qualified in their entirety by such reference.

#### LITIGATION

No material legal proceedings are pending in which the Company, Bryant, Day & Night or Payne are parties and so far as is known to the Company or to the officers of Bryant, Day & Night and Payne, no such proceedings are contemplated.

#### LEGAL OPINIONS

The legality of the Preferred Stock, the Common Stock and the Common Stock Purchase Warrants will be passed upon for the Company by Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, Midland Building, Cleveland 15, Ohio, and for the Underwriters by Messrs. Townsend & Lewis, 120 Broadway, New York 5, New York.

#### EXPERTS

The balance sheet of Affiliated Gas Equipment, Inc. as of October 31, 1948, and the financial statements and schedules of Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company as of or for the period of three years ended October 31, 1948, included in the Registration Statement, as listed under the heading "Index to Financial Statements", and the information contained in the Prospectus under the caption "Summary of Combined Earnings"

with respect to (1) Bryant Heater Company for the periods from January 1, 1939 to October 31, 1948, (2) Day & Night Manufacturing Company for the periods from January 1, 1945 to October 31, 1948, and (3) Payne Furnace Company for the periods from February 1, 1945 to October 31, 1948, have been included by the Company herein and in the Registration Statement in reliance upon the reports of Messrs. Ernst & Ernst, independent public accountants, given upon the authority of such firm as experts in auditing and accounting. Said firm will receive fees for services rendered to the Company. According to the information furnished to the Company by said firm, neither the firm nor any member thereof has or is to receive any interest of a substantial nature in, or is an officer or employee of the Company or any affiliate thereof, or has been employed upon a contingent basis.

The engineering survey of the business and assets of Bryant, Day & Night and Payne referred to on Page 15 of this Prospectus, was prepared by Messrs. Sanderson & Porter, engineers. Said firm has informed the Company it has no interest of a substantial nature in the Company, that it is not to receive any interest as payment for any statement prepared or certified by it, that no partner or employee of Messrs. Sanderson & Porter is an officer or employee of the Company, and that it has not been employed on a contingent basis.

# INDEX TO FINANCIAL STATEMENTS

The following financial statements and schedules are included in the Prospectus:

Unaudited	Page
Pro forma balance sheet giving effect as of October 31, 1948, to the proposed purchase of all the assets subject to all the liabilities of Bryant Heater Company. Day & Night Manufacturing Company, and Payne Furnace Company by Affiliated	rage
Gas Equipment, Inc. and to certain other transactions	42-43
Audited	
Affiliated Gas Equipment, Inc.	
Balance sheet	41
Bryant Heater Company Day & Night Manufacturing Company Payne Furmace Company	
Balance sheets	42-43
Profit and loss statements:	
Year ended October 31, 1948	45 46 47
Statements of surplus	48
Supplementary profit and loss information:	
Year ended October 31, 1948 Year ended October 31, 1947 Year ended October 31, 1946	51 52 53

The following schedules are omitted from the Prospectus, but have been filed with the Registration Statement:

Bryant Heater Company
Day & Night Manufacturing Company
Payne Furnace Company

Property, plant, and equipment

Reserves for depreciation and amortization of property, plant, and equipment

Reserves

Capital shares

REPRODUCED AT THE NATIONAL ARCHY

#### ACCOUNTANTS' REPORTS

Board of Directors, Affiliated Gas Equipment, Inc., Cleveland, Ohio.

We have examined the balance sheet of Affiliated Gas Equipment, Inc. as of October 31, 1948. Our examination was made in accordance with generally accepted auditing standards, and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet presents fairly the financial position of Affiliated Gas Equipment; Inc. at October 31, 1948, in conformity with generally accepted accounting principles.

ERNST & ERNST

Certified Public Accountants

Cleveland, Ohio November 22, 1948

Board of Directors, Affiliated Gas Equipment, Inc., Cleveland, Ohio.

We have examined the individual and combined balance sheets of Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company as of October 31, 1948, the individual and combined statements of profit and loss and surplus of those companies for the period of three years then ended, and the schedules listed in the accompanying index. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheets and related statements of profit and loss and surplus present fairly the individual and combined financial position of Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company at October 31, 1948, and the individual and combined results of their operations for the period of three years then ended, in conformity with generally accepted accounting principles consistently maintained except that charges for overall management services were not included during 1948, as outlined in Note C to the financial statements. Further, it is our opinion that the schedules previously referred to present fairly the required information.

We also have reviewed the amounts included in the tabulation of net sales and operating results (set forth in the Prospectus under the heading "Summary of Combined Earnings") with respect to (1) Bryant Heater Company for the periods from January 1, 1939 to October 31, 1948, (2) Day & Night Manufacturing Company for the periods from January 1, 1945 to October 31, 1948, and (3) Payne Furnace Company for the periods from February 1, 1945 to October 31, 1948, which tabulation, as to the periods referred to in the first paragraph, was compiled from the financial statements included herewith and reported on above, and as to the periods (1) from January 1, 1939 to October 31, 1945, with respect to Bryant Heater Company, (2) from January 1, 1945 to October 31, 1945, with respect to Day & Night Manufacturing Company, and (3) from February 1, 1945 to October 31, 1945, with respect to Payne Furnace Company was compiled from financial statements of those companies examined by us in a manner similar to that reported on above. In the compilation of this tabulation, allocation has been made, to the years affected, of certain adjustments which were previously reflected in earned surplus in the period in which determined. In our opinion, the tabulation with respect to Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company, for the respective periods covered by our examinations of the financial statements of those companies, presents fairly the summarized results of their operations in conformity with generally accepted accounting principles consistently maintained except that charges for overall management services were not included during 1948, as outlined in Note C to the financial statements. rnot.

ERNST & ERNST
Certified Public Accountants

Cleveland, Ohio January 4, 1949

## BALANCE SHEET AFFILIATED GAS EQUIPMENT, INC.

#### October 31, 1948

#### ASSETS

Deferred expenses in connection with organization and registration—estimated . . . . . \$85,000

#### LIABILITIES AND CAPITAL

#### Liabilities:

Expenses accrued to October 31, 1948, in connection with organization and registration \$85,000

#### Capital Stock-Note B:

Common stock, par value \$1,00 a share: Authorized—2,000,000 shares Issued —None

\$85,000

Note A—Reference is made to the Prospectus for information (1) relative to agreements with Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company for the purchase of all of the assets and assumption of all of the liabilities of each of those corporations as of October 31, 1948, subject to adjustments resulting from the operations of the respective corporations subsequent thereto and prior to the consummation of the respective purchases, and (2) relative to agreements with insurance companies for long-term loans in the aggregate principal amount of \$4,000,000.

Note B—Prior to the effective date of the Registration Statement, 40,000 shares of \$3.00 Cumulative Preferred Stock will be authorized by an amendment to the Certificate of Incorporation of the Company. Reference is made to the statements in this Prospectus under the caption "Description of Capital Shares" for information as to the terms and provisions of such Cumulative Preferred Stock.

# AND COMBINED BALANCE SHEET OF SUCH COMPANIES All as of October 31, 1948

PRO FORMA BALANCE SHEET OF AFFILIATED GAS EQUIPMENT, INC. (Giving effect as of October 31, 1948, to the proposed transactions described in the notes hereto)

	Bryant Heater	Balance Sheets as Day & Night Manufacturing	of October 31, 194 Payne Furnace	<u> </u>	Proposed T Debit (Parenthetic Refe	Credit	Pro Forma Balance Sheet of Affillated Gas Equipment, inc. as of October 31, 1948	
A 0.47700	Company			Company Combined		Accompanying Notes)		
ASSETS Current Assets								
Cash	. \$ 747,347	\$ 360,763	\$ 185,521	\$ 1,293,631	\$10,004,000(2)	\$10,870,000(5)		
Accounts receivable—trade	,,	\$ 1,164,407 26,908	\$ 990,046 50,780	\$ 3,991,492 104,874	4,000,000(3)	1,600,000(6)	\$ 2,827,631 \$ 3,991,492 104,874	
	\$ 1,809,853	\$ 1,137,499	\$ 939,266	\$ 3,886,618			\$ 3.886.618	
Accounts receivable—parent and affiliated companie Inventories—Note A:	s 22,700	512	1,189	24,401		2,530(7)	21,871	
Finished products and parts		\$ 553,174 258,148	\$ 1,187,524 236,998	\$ 2,550,827 2,667,856			\$ 2,550,827 2,667,856	
Raw materials and supplies		1,032,592	390,053	2,000,229		·	2,000,229	
	\$ 3,560,423	\$ 1,843,914	\$ 1,814,575	\$ 7,218,912			\$ 7,218,912	
Total Current Assets	. \$ 6,140,323	\$ 3,342,688	\$ 2,940,551	\$12,423,562			\$13,955,032	
Other Assets		• • •		• • •			<b>V</b> ,	
Miscellaneous receivables, etc	. 6,153	21,914	3,021	31,088			31,088	
(The excess (\$755,271) of the aggregate purchas price over the carrying amount of the net asset acquired (as shown by the books of the respective companies) was allocated to property, plan and equipment accounts.)	<b>9</b> :-							
Property, plant, and equipment		\$ 1,161,825 312,501	\$ 912,803 378,981	\$ 4,357,067 1,558,829	755,271(1) 1,558,829(1)	1,558,829(1)	3,553,509	
Total Fixed Assets	\$ 1,415,092	\$ 849,324	\$ 533,822	\$ 2,798,238	•			
Deferred Charges Prepaid insurance, deferred taxes, etc		\$ 57,706	\$ 31,493 74,927	\$ 145,181 102,786	40,000(4)		\$ 185,181 102,786	
Tooling expense	27,039		74,327	102,700			102,7(*)	
Total Deferred Charges	. \$ 83,841	<b>\$</b> 57,706	\$ 106,420	\$ 247,967			\$ 287,967	
	\$ 7,645,409	\$ 4,271,632	\$ 3,583,814	\$15,500,855			\$17,827,596	
						•		

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Accounts payable	\$ 664,360	\$ 378,776	\$ 184,276	\$ 1,227,412	\$10,820,000(3)	\$10,070,000(1)	\$ 1,227,412
Notes and accounts payable—parent and affiliated companies	55,110	553,140	1,054,441	1,662,691	2,530(7)		
Accrued liabilities: Pay rolls and other compensation	\$ 228,433	\$ 259,144	\$ 151,339	\$ 638,916	1,600,000(6)		60,161 \$ 638,916
Taxes, other than taxes on income	14,583	59,641	37,242	111,466			111,466
Interest	52,153 43,086	21,072	69,609	52,153 133,767		293,630(4)	52,153 427,397
Federal taxes on income—estimated	\$ 338,255 845,310	\$ 339,857 523,411	\$ 258,190 191,000	\$ 936,302 1,559,721			\$ 1,229,932 1,559,721
Total Current Liabilities	\$ 1,903,035	\$ 1,795,184	\$ 1,687,907	\$ 5,386,126			\$ 4,077,226
Long-Term Debt Notes payable maturing in installments of varying							
amounts from February 1, 1950 to February 1, 1964						4,000,000(3)	4,000,000
Capital Shares and Surplus Capital shares:							
Original preferred stock, par value \$10.00 a share:				4 444 000	150 000(1)	•	
Authorized and outstanding 15,000 shares 7% preferred stock, par value \$10.00 a share:		\$ 150,000	•	\$ 150,000	150,000(1)		
Authorized and outstanding 17,500 shares 6% preferred stock, par value \$10.00 a share:		175,000		175,000	175,000(1)	*	
Authorized 32,500 shares; outstanding 16,375		163,750		163,750	163,750(1)		
shares		1001/30		103,730	100,750(1)		•
a share: Authorized and outstanding 40,000 shares						2,000,000(2)	\$ 2,000,000
Common stock, without par value: Authorized and outstanding 500 shares							
Stated Capital	\$ 500			500	500(1)		
Common stock, par value \$10.00 a share: Authorized and outstanding 5,000 shares		50,000		50,000	50,000(1)		
Common stock, par value \$1.00 a share: Authorized and outstanding 25,000 shares			\$ 25,000	25,000	25,000(1)		
Common stock, par value \$1.00 a share: Authorized 2,000,000 shares			,	·			
Outstanding 1,000,000 shares				* ***		1,000,000(2)	1,000,000
Surplus:	\$ 500	\$ 538,750	\$ 25,000	\$ 564,250			\$ 3,000,000
Capital surplus	\$ 1,188,954	<b>\$</b> —	\$ 886,148	\$ 2,075,102	2,075,102(1)	7,004,000(2)	6 7ED 17D
	4 550 000	1.017.700		7 475 177	253,630(4)		6,750,370

1,937,698-J

\$ 1,937,698

\$ 2,476,448

\$ 4,271,632

984,759

\$ 1,870,907

\$ 1,895,907

\$ 3,583,814

7,475,377

\$ 9,550,479

\$10,114,729

\$15,500,855

7,475,377(1)

\$10,870,000(1)

\$ 9,750,370 \$17,827,596

\$10,870,000(5)

See Notes to Financial Statements and Proposed Transactions Given Effect to in the pro forma Balance Sheet.

4,552,920

\$ 5,741,874

\$ 5,742,374

\$ 7,645,409

Current Lizouttes

Demand promissory notes payable .....

Earned surplus .....

Total Capital Shares and Surplus .....

#### AFFILIATED GAS EQUIPMENT, INC.

# Proposed Transactions Given Effect to in the Pro Forma Balance Sheet as of October 31, 1948

The proposed transactions to which effect has been given in the pro forma balance sheet are as follows:

(1) The purchase by Affiliated Gas Equipment, Inc., as of October 31, 1948, of all the assets, subject to all the liabilities, of Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company for an aggregate purchase price of \$10,870,000, to be evidenced by demand promissory notes. The excess of the aggregate purchase price over the carrying amount of the net assets acquired (as shown by the books of the respective companies) was allocated to property, plant and equipment accounts, as follows:

Land	\$ 28,167
Buildings Machinery, equipment, etc	
ataominary, equipment, etc.	<del></del>
Total	<b>\$</b> 755, <b>2</b> 71

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For the purpose of recording this adjustment, the capital stock accounts and surplus accounts (representing excess of assets over liabilities) of Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company have been eliminated.

- (2) The sale by Affiliated Gas Equipment, Inc. of (1) 1,000,000 shares of its Common Stock, par value \$1.00 a share, at \$9.25 a share less underwriting commissions of \$1.25 a share, and (2) 40,000 shares of \$3.00 Cumulative Preferred Stock, par value \$50.00 a share at \$50.10 a share.
- (3) The borrowing of \$4,000,000 by Affiliated Gas Equipment, Inc. evidenced by notes payable maturing in installments of varying amounts from February 1, 1950 to February 1, 1964. Reference is made to the section "Description of Funded Debt" elsewhere in the Prospectus.
- (4) Provision for (a) estimated expenses, excepting underwriting discounts or commissions, of Affiliated Gas Equipment, Inc. in the total amount of \$119,630 in connection with the organization of the Company, the acquisition of assets, the Term Loans and the issuance and distribution of the securities offered by this Prospectus, (b) the payment of \$134,000 to be made by the Company to the Underwriters for services rendered by the Underwriters in connection with the financing, and (c) the \$40,000 commission which the Company has agreed to pay to Reynolds & Co. for negotiating the Term Loans. The aforesaid commission of \$40,000 has been recorded herein as a deferred charge.
  - (5) The payment of demand promissory notes. See Note (1).
  - (6) The payment of notes payable to Dresser Industries, Inc.
- (7) The elimination of inter-company accounts between Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company.

# PROFIT AND LOSS STATEMENTS

Year ended October 31, 1948

	Bryant Heater Company	Day & Night Manufacturing Company	Payne Furnace Company	Combined
Gross sales, less discounts, returns and allowances—Note D	\$14,886,552	\$9,058,615	\$5,226,093	\$29,171,260
and G	11,270,452	6,254,948	3,385,218	20,910,618
	\$ 3,616,100	\$2,803,667	\$1,840,875	\$ 8,260,642
Selling, engineering, general and administrative expenses—Notes C, E, F, and G Provision for doubtful accounts	\$ 1,920,178	\$1,434,494	\$1,304,941 25,746	\$ 4,659,613 25,746
	\$ 1,920,178	\$1,434,494	\$1,330,687	\$ 4,685,359
•	\$ 1,695,922	\$1,369,173	\$ 510,188	\$ 3,575,283
Other income:				
Adjustments to reserve for doubtful accounts and property and related reserves to conform to income tax basis Interest earned	\$ 130,245 3,228 87 \$ 133,560	\$ — 179 6,365 \$ 6,544	\$ 3,741 1,540 \$ 5,281	\$ 130,245 7,148 7,992 \$ 145,385
	\$ 1,829,482	\$1,375,717	\$ 515,469	\$ 3,720,668
Other deductions:	•			
Interest expense	\$ 63,825	\$ 5,801	\$ 16,759	\$ 86,385
assets—net	1,590 22	1,634 14,596	142° 81	3,082 14,699
	\$ 65,437	\$ 22,031	\$ 16,698	\$ 104,166
Profit Before Federal Taxes On Income	\$ 1,764,045	\$1,353,686	\$ 498,771	\$ 3,616,502
Federal taxes on income-estimated:				
Provision for the year	\$ 620,000 50,239	\$ 514,000 1,804	\$ 191,000 6,855*	\$ 1,325,000 45,188
	\$ 670,239	\$ 515,804	\$ 184,145	\$ 1,370,188
Net Profit—Note C	\$ 1,093,806	\$ 837,882	\$ 314,626	\$ 2,246,314

^{*} Indicates red figures.

See notes to financial statements.

# PROFIT AND LOSS STATEMENTS Year ended October 31, 1947

	Bryant Heater Company	Day & Night Manufacturing Company	Payne Furnace Company	Combined
Gross sales, less discounts, returns and allowances—Note D	\$11,986,642	\$6,784,713	\$5,178,323	\$23,949,678
Cost of goods sold—Notes A, D, E, F, and G	9,026,775	4,813,494	3,121,201	16,961,470
	\$ 2,959,867	\$1,971,219	\$2,057,122	\$ 6,988,208
Selling, engineering, general and administrative expenses—Notes E, F, and G Provisions for doubtful accounts	<b>\$</b> 1,458,395	\$ 962,589 17,698	\$1,208,513 24,599	\$ 3,629,497 42,297
	\$ 1,458,395	\$ 980,287	\$1,233,112	\$ 3,671,794
	\$ 1,501,472	\$ 990,932	\$ 824,010	\$ 3,316,414
Other income:				
Interest earned	\$ 6,169 688	\$ 1,486 35,295	\$ 821 2,323	\$ 8,476 38,306
	\$ 6,857	\$ 36,781	\$ 3,144	\$ 46,782
	\$ 1,508,329	\$1,027,713	\$ 827,154	\$ 3,363,196
Other deductions:				,
Interest expense	\$ 4	\$ 5,886	<b>\$</b> 7,551	\$ 13,441
assets—net	290* —	4,218 6,638	878 —	4,806 6,638
	\$ 286*	\$ 16,742	\$ 8,429	\$ 24,885
Profit Before Federal Taxes On Income	\$ 1,508,615	\$1,010,971	\$ 818,725	\$ 3,338,311
Federal taxes on income-estimated:				
Provision for the year	\$ 574,000 177,527	\$ 375,000 9,848	\$ 310,000 1,396	\$ 1,259,000 188,771
•	\$ 751,527	\$ 384,848	\$ 311,396	\$ 1,447,771
Net Profit	\$ 757,088	\$ 626,123	\$ 507,329	\$ 1,890,540

^{*} Indicates red figures.

See Notes to Financial Statements.

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# PROFIT AND LOSS STATEMENTS Year ended October 31, 1946

	,	Bryant Heater Company	Ma.	ny & Night nufacturing Company Note H)	Į	Payne furnace company	(	Combined
Gross sales, less discounts, returns and allowances—Note D	\$	9,155,252	\$!	5,254,120	\$	3,161,387	\$1	7,570,759
and G	•	7,654,895	•	<b>,29</b> 9,571	2	2,096,508	1	4,050,974
	\$	1,500,357	\$	954,549	\$	,064,879	\$	3,519,785
Selling, engineering, general and adminis- trative expenses—Notes E, F, and G Provisions, for doubtful accounts, and		1,089,825	\$	760,801	\$	874,495	\$	2,725,121
reduction in reserve for doubtful ac-		67,991*		11,030		14,892		42,069*
	\$	1,021,834	\$	771,831	\$	889,387	\$	2,683,052
	\$	478,523	\$	182,718	\$	175,492	\$	836,733
Other income:								
Interest earned	\$	41,335	\$	2,075	\$	997	\$	44,407
—net		165 <b>3,36</b> 8		40,109 28,438		86,047 3,399		126,321 35,205
	\$	44,868	\$	70,622	\$	90,443	\$	205,933
	\$	523,391	. \$	253,340	\$	265,935	\$	1,042,666
Other deductions:								-
Interest expense	\$	11,590 36	\$	8,149 9,708	\$	5,893 4,192	\$	25,632 13,936
	\$	11,626	\$	17,857	\$	10,085	\$	39,568
Profit Before Federal Taxes On Income	\$	511,765	\$	235,483	\$	255,850	\$	1,003,098
Federal taxes on income—estimated—Note I:								
Provision for the year:  Federal normal income tax and surtax	s	164,000	2	79,000	s	85.000	s	328,000
Federal excess profits tax  Refundable taxes on income of prior years arising from carry-back of operating losses and unused excess	•	17,000	•	17,000	•	11,000	•	45,000
profits tax credits			•	2,500*				2,500*
Adjustments for prior years	\$	181,000 190*	\$	93,500 9,895*	\$	96,000 4,955	\$	370,500 5,130*
	\$	180,810	\$	83,605	\$	100,955	\$	365,370
Net Profit	\$	330,955	\$	151,878	\$	154,895	\$	637,728

^{*} Indicates red figures.

See Notes to Financial Statements.

# STATEMENTS OF SURPLUS Period of three years ended October 31, 1948

	Bryant Heater Company	Day & Night Manufacturing Company (Note H)	Payne Furnace Company	Combined
Capital Surplus				
Balances at beginning and end of period — no change during period	\$1,188,954	<b>\$</b> —	\$ 886,148	\$2,075,102
Earned Surplus				
Balances at beginning of period— Note I	\$2,439,871	\$ 368,215	.\$ 30,909	\$2,838,995
31, 1946	330,955	151,878	154,895	637,728
Balances at October 31, 1946 Net profit for the year ended October	\$2,770,826	\$ 520,093	\$ 185,804	\$3,476,723
31, 1947	<i>7</i> 57,068	626,123	507,329	1,890,540
Balances at October 31, 1947 Net profit for the year ended October	\$3,527,914	\$1,146,216	\$ 693,133	\$5,367,263
31, 1948	1,093,806	837,882	314,626	2,246,314
	\$4,621,720	\$1,984,098	\$1,007,759	\$7,613,577
Deduct cash dividends paid: Original preferred stock—\$.99 a share 7% preferred stock— .99 a share 6% preferred stock— .85 a share Common stock— 137.60 a share Common stock— .92 a share	\$ 68,800	\$ 14,956 17,449 13,995	\$ 23,000	\$ 14,956 17,449 13,995 68,800 23,000
	\$ 68,800	\$ 46,400	\$ 23,000	\$ 138,200
Balances at end of period	\$4,552,920	\$1,937,698-J	\$ 984,759	\$7,475,377

See Notes to Financial Statements.

# BRYANT HEATER COMPANY, DAY & NIGHT MANUFACTURING COMPANY, AND PAYNE FURNACE COMPANY

#### Notes to Financial Statements

Note A—Inventories are stated generally on the basis of average cost (not in excess of market). Opening and closing inventories (priced on the foregoing basis) used in computing cost of goods sold were as follows:

	Bryant Heater Company	Day & Night Manufacturing Company	Payne Furnace Company
November 1, 1945	\$ 551,862	\$ 648,287	\$ 340,344
October 31, 1946	2,130,697	857,799	774,533
October 31, 1947	3,495,115	1.070,741	1.063,134
October 31, 1948	3,560,423	1,843,914	1,814,575

Note B — Property, plant, and equipment are stated at cost less reserves for depreciation and amortization, and include amounts representing fully amortized war emergency facilities, as follows:

Bryant Heater Company	\$ 35,404 114,693
Total	\$150,097

Note C — Charges to these companies for overall management services (see schedule of supplementary profit and loss information) of Dresser Industries, Inc. were discontinued as of October 31, 1947. During part of the year 1948, payments for overall management services were made by the three companies, which payments were refunded by Dresser Industries, Inc. prior to October 31, 1948. If charges for overall management servicer for the year 1948, had been made on the same basis as for preceding years, they would have aggregated approximately \$350,000 or \$217,000 after federal taxes on income, and the net profit for that year would have been reduced accordingly.

Note D — Sales and cost of goods sold include amounts representing inter-company sales (between the three companies) as follows:

Years ended:	Bryant	Day & Night	Payne
	Heater	Manufacturing	Furnace
	Company	Company	Company
October 31, 1946	\$ 25,899	\$ 1,863	\$23,785
	207,074	22,440	51,733
	308,554	6,167	54,323

It is estimated that the amounts of inter-company profit, if any, remaining in the inventories, at either the beginning or end of the periods covered by the profit and loss statements, were not material.

There were no other inter-company transactions of a material nature between the three companies.

## Note E - Depreciation, retirements, etc.:

Provisions for depreciation (not including emergency facilities, the cost of which was amortized over the period ended September 30, 1945) were computed on the basis of the estimated service lives, principally as to each individual asset or group of assets, with the result that varying rates were applied to assets of a similar character but having different remaining lives, and, therefore, it is not practicable to state the rates used in computing provisions for depreciation.

Maintenance, repairs, and renewals were charged to operating expenses, whereas betterments were capitalized. The general policy of the companies has been to relieve property accounts and related reserves, for properties retired or otherwise disposed of at amounts included in those accounts.

Note F — See schedule of "Supplementary Profit and Loss Information" for information as to charges for maintenance and repairs, depreciation and amortization of fixed assets, taxes (other than income and excess profits taxes), management and service contract fees, rents, and royalties.

Note G — Incentive compensation plans, which have been in effect for a number of years, provide that the companies set aside varying percentages of net income for the payment of additional compensation to officers and key men of the companies. The funds so provided were allocated as determined by the Boards of Directors of the respective companies. The amounts

#### Notes to Financial Statements (Continued)

so provided by the companies for the periods covered by the profit and loss statements were as follows:

Officers: Years ended:	Bryant Heater Company	Day & Night Manufacturing Company	Payne Furnace Company
October 31, 1946	\$29,023	\$12,150	\$ 9.450
October 31, 1947	68,035	44,145	42.851
October 31, 1948	83,070	51,894	26.623
Employees: Years ended: October 31, 1946 October 31, 1947 October 31, 1948	12.889	3,600	3,150
	17.784	21,350	15,849
	32,365	25,925	5,055

Note H — During the period from December 31, 1943, to October 31, 1946, Day & Night Manufacturing Company had a wholly-owned subsidiary which was dissolved as of the latter date. The accounts of such subsidiary have been consolidated in the financial statements with those of Day & Night Manufacturing Company for the year ended October 31, 1946.

Note I — The balances shown in earned surplus at beginning of period have been adjusted from those previously reported to give effect in the period affected to certain adjustments which were previously reflected in earned surplus in the period in which determined. A summary of the changes follows:

	Heater Company	Manufacturing Company
Balances previously reported	\$2,536,862	\$353,514
Net charge resulting from settlement of renegotiation for the fiscal year 1945	96,991*	•
tax basis	_	14,701
Balances reported herein	\$2,439,871	<b>\$368,2</b> 15

#### * Indicates red figure.

In the determination of taxable income the Bureau of Internal Revenue included certain items of income and expense in periods other than those in which such items were included in profit and loss by the respective companies. With respect to Bryant Heater Company, taxable income, for the year ended October 31, 1946, was decreased approximately \$280,000 (taxable income, for the year ended October 31, 1945, was increased by approximately the same amount). Reallocation of such items has not been made in the profit and loss statements included herein.

Note J-Dividends on the various classes of capital stock (all of which were owned by Dresser Industries, Inc. at October 31, 1948) were in arrears at October 31, 1948, as follows:

On original preferred stock — \$1.10 a share	19,301
Total	\$51,325

Note K—The amount of unpaid costs of past service benefits under the Pension Plan is estimated to be \$54,000 and is payable in annual installments of approximately equal amounts during the next six years.

## SUPPLEMENTARY PROFIT AND LOSS INFORMATION

# Year ended October 31, 1948

COL. A	COL. B		COL.B COL.C		COLD	
	CHARGED DIRECTLY TO PROFIT AND LOSS		CHARG OTHER A			
Item	(1) To Costs or Operating	(2)	(1)	(2)		
	Expenses	Other	Account	Amount	Total	
Bryant Heater Company						
Maintenance and repairs  Depreciation and amortization of fixed assets  Taxes, other than income and excess profits taxes:	\$ 38,044 160,351	\$ 2,251 9,475			\$ 40,295 169,826	
Social security taxes	\$ 41,603.	\$ 11,254	•		\$ 52,857	
Franchise taxes Property and miscellaneous taxes	53,015	3,760 5,731			3,760 <b>58,74</b> 6	
	\$ 94,618	\$ 20,745			\$115,363	
Management and service contract fees Rents	61,600 11,725	33,571			95,171 11,725	
Day & Night Manufacturing Company						
Maintenance and repairs  Depreciation and amortization of fixed assets Taxes, other than income and excess profits taxes:	\$108,462 73,799	\$ 8,462 9,083			\$116,924 82,882	
Social security taxes	\$ 55,822	\$ 13,839			\$ 69,661	
Franchise taxes Property and miscellaneous taxes	40,232	28,455 2,595			28,455 42,827	
Management and applies sintered for	\$ 96,054	\$ 44,889	•		\$140,943	
Management and service contract fees	11,843 4,166	14,270			26,113 4,166	
Payne Furnace Company						
Maintenance and repairs  Depreciation and amortization of fixed assets  Taxes, other than income and excess profits taxes:	\$ 59,178 24,138	\$ 24,725 15,982			\$ 83,903 40,120	
Social security taxes	\$ 15,347	\$ 18,508			\$ 33,855	
Franchise taxes	20,574	22,337 8,538			22,337 29,112	
Management and applies sectors for	\$ 35,921	\$ 49,383			\$ 85,304	
Management and service contract fees  Rents	11,228 4,863	19,212			30,440 4,863	

Note A — The three companies, together, have four leases for terms expiring more than three years from October 31, 1948. The aggregate annual rent under such leases is approximately \$35,000.

# SUPPLEMENTARY PROFIT AND LOSS INFORMATION

## Year ended October 31, 1947

COL. A	COL	. B	COI	c	COL. D
	CHARGED DIRECTLY CHARGED TO TO PROFIT AND LOSS OTHER ACCOUNTS				
Item	(1) To Costs or Operating	(2)	(1)	(2)	
	Expenses	Other	Account	Amount	Total
Bryant Heater Company					
Maintenance and repairs  Depreciation and amortization of fixed assets  Taxes, other than income and excess profits taxes:	\$ 42,001 119,196	\$ 2,695 6,107		•	\$ 44.696 125,303
Social security taxes Franchise taxes	\$ 37,329	\$ 9,767 3,447			\$ 47,096 3,447
Property and miscellaneous taxes	33,821	1,242			35,063
Management and service contract fees — Note A Rents Royalties	\$ 71,150 53,638 8,184	\$ 14,456 163,000 10,817			\$ 85.606 163,000 64,455 8,184
Day & Night Manufacturing Company	41.01				5,101
Maintenance and repairs  Depreciation and amortization of fixed assets  Taxes, other than income and excess profits taxes:	\$109,683 58,198	\$ 3,416 5,759		•	\$113.099 63,957
Social security taxes Franchise taxes Property and miscellaneous taxes	\$ 47,820 	\$ 10,866 7,453 3,613		•	\$ 58.686 7,453 33,181
Management and service contract fees — Note A Rents	\$ 77,388 6,224 3,651	\$ 21,932 92,000 11,554			\$ 99,320 92,000 17,778 3,651
Payne Furnace Company					
Maintenance and repairs  Depreciation and amortization of fixed assets  Taxes, other than income and excess profits taxes:	\$ 74,132 20,113	\$ 16,052 12,607			\$ 90,184 32,720
Social security taxes	\$ 31,717 	\$ 29,118 8,287 7,608			\$ 60,835 8,287 21,128
Property and miscellaneous taxes	\$ 45,237	\$ 45,013			\$ 90,250
Management and service contract fees — Note A Rents	6,556 2,027	71,000 8,547 —			71,000 15,103 2,027

Note A — Represents portion of overall management expense of Dresser Industries, Inc. (parent company) charged to these companies.

# SUPPLEMENTARY PROFIT AND LOSS INFORMATION

#### Year ended October 31, 1946

COL. A	COL B		COLC		COLD	
	CHARGED DIRECTLY TO PROFIT AND LOSS					
Item	(1) To Costs or Operating	(2)	(1)	(2)		
	Expenses	Other	Account	Amount	Total	
Bryant Heater Company						
Maintenance and repairs	55,520	\$ 1,479 3,690			\$ 29,682 59,210	
Social security taxes	\$ 19,481	\$ 8,687 3,035			\$ 28,168 3,035	
Property and miscellaneous taxes	2,457	340			2,797	
Management and service contract fees - Note A		\$ 12,062 132,000			\$ 34,000 132,000	
Rents Royalties		5,514 —			24,714 10,676	
Day & Night Manufacturing Company and Subsidiary						
Maintenance and repairs	\$ 80,026 50,437	\$ 2,234 4,340			\$ 82.260 54,777	
Social security taxes	\$ 40,891	\$ 10,491 2,757			\$ 51,382 2,757	
Property and miscellaneous taxes	37,701	4,351			42,052	
	\$ 78,592	\$ 17,599			\$ 96,191	
Management and service contract fees — Note A Rents		87,000 9,923			87,000 15.834	
Royalties	1,007	- -			1,007	
Payne Furnace Company						
Maintenance and repairs	\$ 64,007	\$ 9,990	<b>)</b>		\$ 73.997	
Depreciation and amortization of fixed assets  Taxes, other than income and excess profits taxes:	15,509	6,734			22,243	
Social security taxes		\$ 24,334 2,670			\$ 46,442 2,670	
Property and miscellaneous taxes		5,856			16,447	
Management and service contract fees - Note A	\$ 32,699	\$ 32,860 46,000			\$ 65,559 46,000	
Rents	2,000	4,719		•	6,719	
Royalties	2,120	_		•	2,120	

Note A — Represents portion of overall management expense of Dresser Industries, Inc. (parent company) charged to these companies.

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#### ADDITIONAL INFORMATION CONTAINED IN THE REGISTRATION STATEMENT

The Registration Statement which is on file with the Securities and Exchange Commission, Washington, D. C., includes certain additional information relative to the Company as well as certain additional financial statements. There are also on file with the Commission certain exhibits which include, among others, copies of the Certificate of Incorporation, the By-Laws, opinion of counsel and certain contracts.

AFFILIATED GAS EQUIPMENT, INC.

By LYLE C. HARVEY

President

# CONTENTS OF THIRD AMENDMENT TO REGISTRATION STATEMENT

#### This Third Amendment to Registration Statement comprises-

- (a) Pages numbered I to II.
- (b) The Prospectus.
- (c) Page S-1.
- (d) The following Exhibits:
  - Exhibit 1(b) -Copy of Amended Certificate of Incorporation.
    - 6(a) -Specimen Certificate for shares of Common Stock.
    - 6(b) —Specimen Certificate for shares of Preferred Stock with Non-Detachable Common Stock Purchase Warrant.
    - 7(a) —Term Loan Agreement, dated January 6, 1949, between Affiliated Gas Equipment, Inc. and Massachusetts Mutual Life Insurance Company.
    - 7(b) —Term Loan Agreement, dated January 6, 1949, between Affiliated Gas Equipment, Inc. and The Penn Mutual Life Insurance Co.
    - 7(c) —Term Loan Agreement, dated January 6, 1949, between Affiliated Gas Equipment, Inc. and State Mutual Life Assurance Co. of Worcester.
    - 10 -Opinions of Counsel.
    - 14(a) -Copy of Underwriting Agreement.
    - 14(b) -Copy of Agreement Among Underwriters.
    - 14(c) -Copy of Selling Group Agreement.
    - 14(d) —Copy of Agreement dated January 11, 1949, between Reynolds & Co. and Affiliated Gas Equipment, Inc. (insurance loan commission agreement).
    - 15(a) —Copy of Agreement for sale of Assets, dated January 5, 1949, between Bryant Heater Company and Affiliated Gas Equipment, Inc.
    - 15(b) —Copy of Agreement for sale of Assets, dated January 5, 1949, between Day & Night Manufacturing Company and Affiliated Gas Equipment, Inc.
    - 15(c) —Copy of Agreement for sale of Assets, dated January 5, 1949, between Payne Furnace Company and Affiliated Gas Equipment, Inc.
    - 15(d) —Copy of Agreement date January 11, 1949, between Bryant Heater Company, Day & Night Manufacturing Company and Payne Furnace Company and Affiliated Gas Equipment, Inc. and Reynolds & Co., individually and as Representative of the several Underwriters named in the Underwriting Agreement dated January 11, 1949, between Affiliated Gas Equipment, Inc. and Reynolds & Co., individually and as such Representative.

#### UNDERTAKING TO FILE REPORTS

Subject to the terms and conditions of Section 15(d) of the Securities Exchange Act of 1-34, the undersigned registrant hereby undertakes to file with the Securities and Exchange Commission such supplementary and periodic information, documents, and reports as may be prescribed by any rule or regulation of the Commission heretofore or hereafter duly adopted pursuant to authority conferred in that section.

#### **SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the registrant, Affiliated Gas Equipment, Inc., a corporation organized and existing under the laws of Delaware, has duly caused this Third Amendment to the Registration Statement to be signed on its hehalf by the undersigned, thereunto duly authorized, and its sent to be hereunto affixed and attested, all in the City of New York, State of New York, on the #2 day of January, 1949.

AFFILIATED GAS EQUIPMENT, INC.

Affiliate Water Control of Control

Pursuant to the requirements of the Securities Act of 1933, this Third Amendment to the Registration Statement has been signed below by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
Principal Executive Officer: (Lyld C. Harvey)	President, General Manager and Director	January // , 1949
Principal Financial and Accounting Office (Philip W. Scott)	er: Secretary and Treasurer	January #, 1949
(W. J. Bailey, Jr.)	Director	January , 1949
(EiRoy L. Payma)	Director	January , 1949
(Norbert A. McKenna)	Director	January # , 1949
(Francis H. Beam)	- Director	January # , 1949

## CONSENT OF ACCOUNTANTS

Affiliated Gas Equipment, Inc., Cleveland, Ohio.

We hereby consent to the use of the accountants' reports dated November 22, 1948, accompanying (a) the balance sheet of Affiliated Gas Equipment. Inc. as of October 31, 1948, and it the information set forth in Exhibit 17 relative to Historical Financial Information, and to the use of the accountants' report dated January 4, 1949, accompanying the financial statements and schedules of Bryant Heater Company, Day & Night Manufacturing Company, and Payne Furnace Company as of or for the period of three years ended October 31, 1948, included in the Registration Statement of Affiliated Gas Equipment, Inc. on Form S-1. We also consent to the reference made to us under the caption "Summary of Combined Earnings" and under the caption "Experts" in the Prospectus which is part of the Registration Statement.

ERNST & ERNST Certified Public Accountants

Cleveland, Ohio January 10, 1949

Exhibit 1(b)

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CERTIFICATE OF INCORPORATION AND BURNET MANAGEMENT OF CAPITAL OF MANAGEMENT OF CAPITAL O

AFFILIATED GAS EQUIPMENT: INC.

THE LEAD HAVE ALCOHOL We, the undersigned, do hereby certify that we are all of the incorporators of Application Gas EQUIPMENT, INC. and are named as such in the original Certificate of Incorporation of said Corporation. filed in the office of the Secretary of State of the State of Delaware on the 7th day of August, 1948, and a certified copy of which was filed for record in the office of the Recorder of Deeds in and for the County of Kent in said State on the 7th day of August, 1948, and we do further certify that no part of the capital of the Corporation has been paid.

We do, therefore, pursuant to the provisions of Section 25 of the General Corporation Law, amend said Certificate of Incorporation, by duly signing and duly acknowledging, in the manner required by law for certificates of incorporation, an Amended Certificate of Incorporation reading as follows, which Amended Certificate of Incorporation shall, upon being duly filed and recorded, take the place of the original Certificate of Incorporation, as provided in said Section 25:

CERTIFICATE OF INCORPORATION

## AFFILIATED GAS EQUIPMENT, INC.

We, the undersigned, in order to form a corporation for the purposes hereinafter stated, under and pursuant to the provisions of the General Corporation Law of the State of Delaware, do hereby certify as follows:

FIRST: The name of the Corporation is Affiliated Gas Equipment, Inc.

SECOND: The principal office of the Corporation is to be located in the City of Dover, in the County of Kent, in the State of Delaware. The name of its resident agent is UNITED STATES CORPORATION COMPANY, whose address is No. 129 South State Street, in said City.

THIRD: The nature of the business of the Corporation and the objects or purposes proposed to be transacted, promoted or carried on by it are:

- 1. To manufacture, produce, assemble, purchase and/or otherwise acquire, sell and/or otherwise dispose of, distribute and/or deal in, as principal and/or as agent, repair, construct, erect and inspect (a) solar, gas, coal and electric heaters, heating and ventilating equipment, boilers, tanks, generators, engines, furnaces, air conditioners, stoves, refrigerators, dynamos, machines, motors, gas regulators, stokers, gas, water, electric and steam specialties and devices of every kind and description, and any and all parts, appurtenances, supplies, equipment and appliances for or used in connection with the foregoing; (b) any and all kinds of plumbing and sanitary fixtures and supplies and hardware supplies incident thereto; (c) any and all articles consisting, in whole or in part, of iron, steel, copper, or other metals or materials and any and all products thereof; (d) any and all household equipment and accessories; and (e) any and all other articles and products, goods, wares and merchandise of whatever class and description.
- 2. To engage in, conduct and carry on generally the business of manufacturing and selling the aforesaid articles; and, in this connection, to manufacture, mine, produce, acquire, hold, operate,

lease, deal in and dispose of not only the products, goods, wares or merchandise useful in the manufacture of such articles, but also the raw materials which enter into the composition thereof.

- 3. To purchase or otherwise acquire, own, hold, lease, mortgage, pledge, sell, assign, exchange, transfer, or otherwise dispose of, and to invest, trade and deal in, property, real or personal, tangible or intangible of every nature or description and to purchase, lease, build, construct, maintain and operate offices, laboratories, wharves, terminals, mills, factories, work shops and other structures necessary, incidental or convenient to the carrying on of any business of the Corporation.
- 4. To apply for, register, introduce, develop, acquire, hold, use, exercise, operate, lease, deal in, dispose of, take or grant licenses or other rights with respect to and in any and all ways exploit or turn to account, inventions, improvements, processes, privileges, copyrights, patents, trademarks, formulae, trade names, and distinctive marks and similar rights of every nature and description relating to or useful in connection with any business of this Corporation, and whether granted, registered or established by or under the laws of the United States of America or of any state, country, authority or place.
- 5. To acquire, by purchase, subscription or otherwise, hold and dispose of all forms of securities, including stocks, bonds, debentures, notes, evidences of indebtedness, certificates of interest, and other rights, choses in action, interests and obligations, whether issued or created by corporations, domestic or foreign, associations, partnerships, individuals, governments, states, municipalities or other political divisions or subdivisions; and, while the holder of any such securities, to possess and exercise in respect thereof any and all rights, powers and privileges of individual ownership or interest therein, including the right to vote thereon for any and all purposes and to consent or otherwise act with respect thereto.
- 6. To purchase, lease or otherwise acquire, hold, operate or develop, sell, lease or otherwise dispose of real and personal property of every class and description, or any interest therein, and to any amount, in the State of Delaware or in any state or territory of the United States of America or in any foreign country, subject to the laws of any state, territory or foreign country.
- 7. To borrow money and contract debts for any of the purposes of the Corporation, and to issue bonds, debentures, notes or other securities or obligations of any nature for moneys so borrowed or in payment for property acquired, and to secure the payment thereof, or of any debt contracted for such purposes, by mortgage upon or pledge or conveyance or assignment in trust of the whole or any part of the property and franchises of the Corporation, real and personal, including securities and contract rights, whether at the time owned or thereafter acquired.
- 8. To transact its business and conduct its affairs, and to have one or more offices, so far as permitted by law, in the State of Delaware, in other states of the United States of America, in the District of Columbia, in any of the territories, districts, protectorates, dependencies or insular or other possessions of the United States of America, or in any foreign countries.
- 9. To acquire all or any part of the good will, rights, property, privileges, franchises and business of any other person, entity, partnership, association or corporation heretofore or hereafter engaged in any business similar to any business which the Corporation has power to conduct; to pay for the same in cash or in stock, bonds, debentures, notes or other securities or obligations of the Corporation or otherwise; to hold, utilize and in any manner dispose of the whole or any part of the rights and property so acquired, and to assume, in connection therewith, any liability of any such person, entity, partnership, association or corporation; and to conduct in any lawful manner the whole or any part of the business thus acquired.
- 10. To carry out all or any part of the foregoing purposes and objects as principal, factor, agent, contractor or otherwise, either alone or in conjunction with any person, firm, association or corporation; and, in carrying on its business and for the purpose of attaining or furthering any of its objects, to make and perform contracts of any kind and description, to guarantee any obligation for the payment of money or the payment of dividends on any stock or the performance of any

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contract, and generally to aid in any manner any person, corporation, partnership or individual in the welfare of which the Corporation shall have any interest, and to do anything and everything necessary, suitable, convenient or proper for the accomplishment of any of the purposes or the attainment of any one or more of the objects herein enumerated or incidental to the powers herein specified, or which shall at any time appear conducive to or expedient for the accomplishment of any of the purposes or for the attainment of any of the objects hereinbefore enumerated, so far as, and to the extent and subject to compliance with such conditions and requirements, that the same may lawfully be done and performed by a corporation organized under the General Corporation Law of the State of Delaware, but not otherwise.

The foregoing clauses of this Article "THIRD" shall be construed as stating powers as well as objects and purposes, in furtherance and not in limitation of the general powers conterred upon the Corporation by the laws of the State of Delaware or of the United States, whether expressly or impliedly by reasonable construction of such laws, and whether the same be now or hereafter in effect. It is the intention that the objects, purposes and powers specified in each of said clauses shall be in no wise limited or restricted by reference to or inference from the terms of any other clause, but that the objects, purposes and powers specified in each of the clauses of this Article shall be regarded as independent objects, purposes and powers.

FOURTE: The total number of shares of stock which the Corporation is authorized to issue is two million forty thousand (2,040,000) shares of which forty thousand (40,000) shares shall be preferred stock of the par value of Fifty Dollars (\$50) per share (herein called "Preferred Stock") and two million (2,000,000) shares shall be common stock of the par value of One Dollar (\$1.00) per share (herein called "Common Stock"). The designations and the powers, preferences and relative participating, optional or other special rights, and qualifications, limitations or other restrictions thereof, of each class of stock of the Corporation are as follows:

## A. Preferred Stock

- 1. Dividends: (a) Holders of Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors out of any funds of the Corporation at the time legally available for the payment of dividends, dividends at the rate of Three Dollars (\$3.00) per annum, payable quarterly on March 20, June 20, September 20 and December 20, in each year (hereinafter referred to as "quarterly dividend dates"), before any dividend shall be declared or paid upon or set apart for any other stock of the Corporation ranking junior to the Preferred Stock; and such dividends on the Preferred Stock shall be cumulative from and after the date of issue.
- (b) So long as any Preferred Stock shall remain outstanding, no dividends (other than dividends payable in stock the rights of the holders of which shall be subject or subordinate to the rights of the holders of the Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up) shall be paid upon, nor shall any distribution be made to, any class of stock ranking junior to the Preferred Stock, nor shall any shares of any such junior class be purchased or otherwise acquired for valuable consideration by the Corporation or any subsidiary, nor shall any shares of any such class be redeemed by the Corporation, nor shall any moneys be paid or made available for any such purchase, acquisition or redemption of any shares of any such class of stock under any of the following circumstances:
  - (i) If dividends in full on all outstanding shares of Preferred Stock for all past quarterly dividend periods and for the then current quarterly dividend period shall not have been paid or declared and set aside for payment; or
  - (ii) If the Corporation shall have failed to set apart for, or apply to, the redemption or purchase of Preferred Stock all amounts, if any, then or theretofore required to be set apart or applied under any retirement or sinking fund provisions with respect to the Preferred Stock; or

(iv) If, as of June 30 or December 31, as the case may be, next preceding the date of payment for such dividend, distribution, purchase, acquisition or redemption, and after giving effect thereto and to all other such payments, distributions, purchases, acquisitions and redemptions paid since such next preceding June 30 or December 31, the sum of (a) the par or stated value of all the then outstanding shares of stock of the Corporation the rights of the holders of which shall be subject or subordinate to the rights of the holders of Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up and (b) the Consolidated Surplus, shall be less than 125% of the sum of (c) Consolidated Funded Debt and (d) the involuntary liquidation value of all then outstanding shares of Preferred Stock and of any class of stock ranking prior to or on a parity with the Preferred Stock.

(c) If, at any time, the Corporation shall have failed to pay dividends in full on the Preferred Stock, thereafter and until dividends in full, including all accrued and unpaid dividends on the Preferred Stock outstanding, shall have been paid or declared and set apart for payment, neither the Corporation nor any subsidiary shall purchase any Preferred Stock except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of Preferred Stock, upon such terms as the Board of Directors, in their sole discretion, shall determine (which determination shall be final and conclusive).

2. LIQUIDATION: In the event of any liquidation, dissolution or winding-up of the Corporation, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for any other class or classes of stock ranking junior to the Preferred Stock, the Preferred Stock shall be entitled to payment at the rate of Fifty Dollars (\$50) a share, plus an amount equivalent to all dividends (whether or not carned or declared) accrued and unpaid thereon to the date of final distribution to the holders of the Preferred Stock, and, in addition thereto, if such liquidation, dissolution or winding-up be voluntary, an amount equivalent to the premium per share of Preferred Stock that would then be payable, if the Preferred Stock were then redeemed pursuant to the provisions of Paragraph 3 of Section A of this Article "Fourth". If, upon any such dissolution, liquidation or winding-up, the assets of the Corporation distributable among the holders of the Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid, then such assets, or the proceeds thereof, shall be distributed among the holders of the Preferred Stock ratably in accordance with the sums which would be payable on such distribution, if all sums payable were discharged in full. The voluntary sale, conveyance, exchange or transfer (for eash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall be deemed a voluntary dissolution, liquidation or windingup of the Corporation for the purposes of this Paragraph 2, but the merger or consolidation of the Corporation into or with any other corporation, or the merger of any other corporation into it, shall not be deemed to be a dissolution, liquidation or winding-up, voluntary or involuntary, for the purposes of this Paragraph 2.

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(b) the par va if redeems if redeems (\$1.25) pa

(c) } as the date the paymer redemption ownership i mine; provi company (v of at least \$ redeemed, is bank, privat and in the n of such depe by virtue of shall cease ar allowed by a Corporation.

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4. SINKI sinking fund a

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## AFFILIATED GAS EQUIPMENT. INC.

THE DESIGNATIONS AND THE POWERS, PREFERENCES AND RELATIVE PARTICIPATING. OPTIONAL OR OTHER SPECIAL THE CORTIONS, LIMITATIONS OR OTHER RESTRICTIONS THEREOF, OF EACH CLASS OF STOCK OF THE COR-"FOURTH" OF THE CERTIFICATE OF INCORPORATION, AS AMENDED, READING

time or from time to

is nevern ouncryise expressly provided), by lot or pro rata (to the nearest full share) in the case of each of the case of the of record of the shares of Preferred Stock to be redeemed and otherwise given in such manner as prescribed by resolution of the Board of Directors; provided, however, that the accidental ailure to mail any such notice to one or more of such holders shall not affect the validity of such demption as to the other holders. Such notice by mail shall be deemed to have been duly given to demption as to the other holders. Such notice by mail shall be deemed to have been duly given to all have been deposited in the United States mails, addressed to such holder at his last known dress as it appears upon the books of the Corporation, postage prepaid. In case of any such lemption, the Corporation shall also publish once, not less than thirty (30) days prior to the redemp-

time at the option of the Board of Directors expressed by resolution, in whole or in part

14 herein otherwise expressly provided), by lot or pro rata (to the nearest full share)

general circulation in the Borough of Manhattan, City and State of New general circulation in the City of Cleveland and State of Ohio, publication

re made in each case on a business day, notice of such redemption setting forth the redemption of and the aggregate number of the shares to be redeemed (but not the specific shares or the smed and the other terms and provisions of such redemption as to the specific shares to be smed and the other terms and provisions of such redemption may, upon inquiry, be obtained

it for said shares in the Borough of Manhattan, Chio, or at the office of the Transfer not affect the validity of such redemption.

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ne office of the Corporation in the City of Cleveland, it for said shares in the Borough of Manhattan, City

oemed on or before January 15, 1953; Two Dollars and Twenty-five Cents (\$2.25) per share, cemed thereafter and on or before January 15, 1958; and One Dollar and Twenty-five Cents (\$2.25) per share,

ment of the redemption price, all dividends on the shares of Preferred Stock so

c) Notice having been given as aforesaid, from and after the date fixed in any

The price per share payable upon the redemption of the Preferred Stock, over and

date of redemption, unless default shall be made by the Corporation in providing money for by virtue of their tion shall cease to accrue and all rights of the holders of said shares, by virtue of their ip thereof, except the right to receive the redemption price thereof, shall cease and deterrovided, however, that if the Corporation shall deposit with a bank, private banker, or trust (which shall have an office in Cleveland, Ohio, or New York City and a capital and surplus ist \$5,000,000) a sum sufficient for the redemption of all shares of Preferred Stock to be trust for the benefit of the holders thereof, and irrevocably authorize and direct said eposit, all rights of the holders of the shares of Preferred Stock so called for redemption, of their ownership of said shares, except the right to receive the redemption price thereof, and determine. The holders of such Preferred Stock shall not be entitled to any interest such depositary on funds so deposited, but any such interest shall be paid to the vate banker, or trust company to give and publish notice of redemption of said shares ie name of the Corporation in the manner hereinalove provided, from and after the

with respect to the Preferred Stock, shall be Permanently retired and cancelled and shall

an annual The Preferred Stock shall be subject to the operation of VKING FUND:

My shares of Preferred Stock which shall at any time have been redeemed, or

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(b) The price per share payable upon the redemption of the Preferred Stock, over and above rr value thereof and any dividends accrued thereon, shall be Three Dollars (\$3.00) per share, eemed on or before January 15, 1953; Two Dollars and Twenty-five Cents (\$2.25) per share, cemed thereafter and on or before January 15, 1958; and One Dollar and Twenty-five Cents ) per share, if redeemed thereafter.

nt for said shares in the Borough of Manhattan, City of New York (the addresses of which be stated in said notice), but the accidental failure to publish such notice as herein provided

not affect the validity of such redemption.

3. REDEMPTION: (a) The Preferred Stock may be redeemed at any time or from time to time at the option of the Board of Directors expressed by resolution, in whole or in part (except as herein otherwise expressly provided), by lot or pro rata (to the nearest full share) in the case of any partial redemption, upon at least thirty (30) days' prior notice given by mail to the holders of record of the shares of Preferred Stock to be redeemed and otherwise given in such manner as may be prescribed by resolution of the Board of Directors; provided, however, that the accidental ailure to mail any such notice to one or more of such holders shall not affect the validity of such

edemption as to the other holders. Such notice by mail shall be deemed to have been duly given to 1y holder of the Preferred Stock within the meaning of the foregoing provision when the same all have been deposited in the United States mails, addressed to such holder at his last known

dress as it appears upon the books of the Corporation, postage prepaid. In case of any such lemption, the Corporation shall also publish once, not less than thirty (30) days prior to the redempn date, in two newspapers both printed in the English language and customarily published on each siness day, one of general circulation in the Borough of Manhattan, City and State of New rk, and the other of general circulation in the City of Cleveland and State of Ohio, publication xe made in each case on a business day, notice of such redemption setting forth the redemption and the aggregate number of the shares to be redeemed (but not the specific shares or the ificates affected by such redemption) and stating that information as to the specific shares to be remed and the other terms and provisions of such redemption may, upon inquiry, be obtained e office of the Corporation in the City of Cleveland, Ohio, or at the office of the Transfer

2) Notice having been given as aforesaid, from and after the date fixed in any such notice date of redemption, unless default shall be made by the Corporation in providing money for ment of the redemption price, all dividends on the shares of Preferred Stock so called for tion shall cease to accrue and all rights of the holders of said shares, by virtue of their hip thereof, except the right to receive the redemption price thereof, shall cease and deterrovided, however, that if the Corporation shall deposit with a bank, private banker, or trust v (which shall have an office in Cleveland, Ohio, or New York City and a capital and surplus ist \$5,000,000) a sum sufficient for the redemption of all shares of Preferred Stock to be d. in trust for the benefit of the holders thereof, and irrevocably authorize and direct said wate banker, or trust company to give and publish notice of redemption of said shares for se name of the Corporation in the manner hereinabove provided, from and after the date eposit, all rights of the holders of the shares of Preferred Stock so called for redemption, of their ownership of said shares, except the right to receive the redemption price thereof, and determine. The holders of such Preferred Stock shall not be entitled to any interest y such depositary on funds so deposited, but any such interest shall be paid to the on.

lny shares of Preferred Stock which shall at any time have been redeemed, or which y time have been surrendered for cancellation pursuant to the retirement or sinking fund with respect to the Preferred Stock, shall be permanently retired and cancelled and shall ircumstances be reissued.

NKING FUND: The Preferred Stock shall be subject to the operation of an annual l as follows:

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- (b) The price per share payable upon the redemption of the Preferred Stock, over and above the par value thereof and any dividends accrued thereon, shall be Three Dollars (\$3.00) per start. if redeemed on or before January 15, 1958; Two Dollars and Twenty-tire Come | \$2.25 | per sinure. iff referenced theresister and the or before January 13, 1955, and One Dellas and Twenty-five Jents (\$1.11 our mare, it redeathed thereafter.
- (c) Notice having been given as aforesaid, from and after the date fixed in any such notice as the date of redemption, unless default shall be made by the Corporation in providing money for the payment of the redemption price, all dividends on the shares of Preferred Stock so called for redemption shall cease to accrue and all rights of the holders of said shares, by virtue of their ownership thereof, except the right to receive the redemption price thereof, shall cease and determine; provided, however, that if the Corporation shall deposit with a bank, private banker, or trust company (which shall have an office in Cleveland, Ohio, or New York City and a capital and surplus of at least \$5,000,000) a sum sufficient for the redemption of all shares of Preferred Stock to be redeemed, in trust for the benefit of the holders thereof, and irrevocably authorize and direct said bank, private banker, or trust company to give and publish notice of redemption of said shares for and in the name of the Corporation in the manner hereinabove provided, from and after the date of such deposit, all rights of the holders of the shares of Preferred Stock so called for redemption, by virtue of their ownership of said shares, except the right to receive the redemption price thereof, shall cease and determine. The holders of such Preferred Stock shall not be entitled to any interest allowed by such depositary on funds so deposited, but any such interest shall be paid to the Corporation.
- (d) Any shares of Preferred Stock which shall at any time have been redeemed, or which shall at any time have been surrendered for cancellation pursuant to the retirement or sinking fund provisions with respect to the Preferred Stock, shall be permanently retired and cancelled and shall under no circumstances be reissued.
- 4. SINKING FUND: The Preferred Stock shall be subject to the operation of an annual inking fund as follows:

(a) On or before the one hundred and twentieth day following the close of each fiscal year of the Corporation, commencing with the fiscal year ending in 1949, the Corporation shall retire, through purchase, redemption or otherwise, shares of Preferred Stock of a par value equivalent to three and one-third percentum (3½%) of the aggregate par value of the total number of shares of Preferred Stock issued prior to the close of the next preceding fiscal year, plus all sinking fund arrearages, if any. Shares of Preferred Stock so retired shall be cancelled and shall not be reissued. If more than the number of shares of Preferred Stock required to be retired on or before any such date as aforesaid shall be retired prior to such date, the excess or any portion thereof may be credited against any sinking fund arrearage, or, if there be no sinking fund arrearage, against the amount to be retired on or before any subsequent such date.

An opinion of any firm of independent public accountants of recognized standing (which may be the firm which regularly examines the financial statements of the Corporation), selected by the Board of Directors of the Corporation, as to the amount required to be set aside on any such one hundred and twentieth day, shall be conclusive evidence thereof.

- (b) Preferred Stock to be redeemed by the Corporation for sinking fund purposes shall be redeemed in the manner provided in Paragraph 3 of Section A of this Article FOURTH, provided, however, that the price per share payable upon the redemption of the Preferred Stock for the purpose of said annual sinking fund, over and above the par value thereof and any dividends accrued thereon, shall be One Dollar and Seventy-Five Cents (\$1.75) per share, if redeemed on or before January 15, 1953; One Dollar and Fifty Cents (\$1.50) per share, if redeemed thereafter and on or before January 15, 1958; and One Dollar and Twenty-Five Cents (\$1.25) per share, if redeemed thereafter.
- 5. Voting Rights: (a) The holders of the Common Stock, with one vote for each share, shall have exclusive voting power for all purposes and the holders of the Preferred Stock shall have no voting rights whatsoever and shall not be entitled to notice of any meeting or of any action to be taken by the Corporation or by its stockholders, except as required by law and except as hereinatter in this Paragraph 5 provided.
  - (b) (i) Whenever, at any time or times, dividends payable on the Preferred Stock shall have been in arrears and unpaid in an aggregate amount equal to or exceeding the amount of dividends payable thereon for one year, then the holders of the Preferred Stock shall have with respect to the election of directors, the exclusive right, voting separately as a class, to elect one-third of the total number of directors of the Corporation (or, if such total number of directors be not evenly divisible by three, then the next highest number above one-third but in no event less than two such directors) and the remaining directors shall be elected by the other class or classes of stock entitled to vote therefor, at each meeting of stockholders held for the purpose of electing directors, until such time as all dividends accumulated on the Preferred Stock shall have been paid in full, at which time the special right of the holders of Preferred Stock so to vote separately as a class on the election of directors shall terminate, subject to revesting in the event of each and every other subsequent default of the character indicated above.
  - (ii) At any time after such special voting power shall have vested in the holders of Preferred Stock and before the next regular meeting of the Corporation for the election of directors, a proper officer of the Corporation shall, upon the written request of the holders of record of at least ten percentum (10%) of the shares of Preferred Stock then outstanding, call a special meeting of the holders of Preferred Stock and of any other class or classes of stock then having voting power with respect thereto, for the purpose of electing directors. Such meeting shall be held at the earliest practical date at the place for the holding of the annual meeting of the stockholders of the Corporation and shall be called upon the notice required for annual meetings of stockholders. If such meeting shall not be called by the proper officer of the Corporation within twenty (20) days after personal service of said written request upon the Secretary of the Corporation or within twenty days after mailing the same within the United States of America by registered mail addressed to such Secretary at the principal office of the Corporation, then the holders of record of at least ten percentum (10%) of the shares of the

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Preferred Stock then outstanding, may designate in writing one of their number to call such meeting and such meeting may be called by such person so designated upon the nonce required for annual meetings of stockholders and shall be held at the place for the holding of annual meetings of stockholders of the Corporation. Any holder of Preferred Stock so designated shall have access to the stock books of the Corporation for the purpose of causing a meeting of stockholders to be called pursuant to these provisions.

- (iii) At any meeting so called, and at any other meeting of stockholders held for the purpose of electing directors at which the Preferred Stock shall have the special right, veting separately as a class, to elect directors as aforesaid, the presence in person or by proxy of the holders of at least one-third of the shares of Preferred Stock then outstanding shall constitute a quorum of such class for the election of directors by the Preferred Stock as a class.
- (iv) At any such meeting or adjournment thereof, (a) the absence of a quorum of the holders of the Preferred Stock shall not prevent the election of the directors to be elected by the holders of stock other than the Preferred Stock, and the absence of a quorum of holders of stock other than the Preferred Stock shall not prevent the election of the directors to be elected by the holders of the Preferred Stock, and (b) in the absence of such quorum either of the holders of the Preferred Stock or of stock other than the Preferred Stock, or both, a majority of the holders, present in person or by proxy, of the stock, or stocks which lack a quorum shall have power to adjourn the meeting for the election of the directors which they are entitled to elect, from time to time, without notice other than announcement at the meeting, until a quorum shall be present.
- (v) The term of office of all directors in office at any time when special voting power shall, as aforesaid, have become vested in the holders of the Preferred Stock shall terminate upon the election of any new directors at any meeting of stockholders called for the purpose of electing directors. Upon any termination of the special voting power right of the holders of the Preferred Stock to vote for directors as herein provided, the term of office of all directors then in office who may have been elected by vote of the holders of the shares of Preferred Stock voting as a class, pursuant to such special right, shall terminate and the resulting vacancies shall be filled by the vote of a majority of the remaining directors.
- (c) So long as any Preferred Stock shall be outstanding, the Corporation shall not, without the affirmative vote, at a meeting, of the holders of at least two-thirds of the shares of the Preferred Stock then outstanding, do any of the following things:
  - (i) Create any other class of stock which shall rank prior to the Preferred Stock or increase the authorized number of shares of any such other class of stock;
  - (ii) Change, alter, amend, or repeal in any manner the express terms and provisions hereof applicable to the Preferred Stock; or
  - (iii) Authorize any reclassification of the Preferred Stock or a liquidation, dissolution or winding-up of the Corporation, or a consolidation or merger of the Corporation, or a disposal by sale, exchange, lease, or in any other manner of all or substantially all of the property and assets of the Corporation;

provided, however, that the provisions of clause (iii) of this subparagraph (c) shall not apply to, nor shall it operate to prevent, a consolidation or merger of the Corporation with another corporation, if (a) after the consummation of such consolidation or merger, (i) the resulting or surviving corporation (which may be this Corporation or another corporation) will have, after such merger or consolidation, no stock either authorized or outstanding ranking prior to or on a parity with the Preferred Stock or other stock issued in substitution or exchange therefor, except the same or a lesser number of shares of stock, with the same terms and provisions, as the stock or stocks of this Corporation ranking prior to or on a parity with the Preferred Stock authorized and outstanding immediately prior to such merger or consolidation, and (ii) each holder of shares of Preferred

Stock immediately prior to such merger or consolidation shall retain or receive the same number of shares of the resulting or surviving corporation having the same terms and provisions as the shares of Preferred Stock held by such holder, and (iii) the resulting or surviving corporation and its subsidiaries do not have outstanding, immediately after such merger or consolidation, Funded Debt, preferred stock or common stock in an aggregate amount greater than is then permitted under the provisions of subparagraph (e) below and (b) none of the assets of the Corporation shall be distributed in connection with such consolidation or merger.

- (d) The Corporation shall not, without the affirmative vote, at a meeting, of the holders of at least a majority in amount of the Preferred Stock then outstanding, create any class of stock which shall rank on a parity with the Preferred Stock, or increase the authorized number of shares of any such class of stock or of the Preferred Stock.
- (e) So long as any of the Preferred Stock remains outstanding, the Corporation, without the affirmative vote, at a meeting, of the holders of at least two-thirds of the shares of Preferred Stock of all series then outstanding, shall not do any of the following things:
  - (i) Create, incur, issue, assume or guarantee, or permit any subsidiary to create, incur, issue, assume or guarantee, any Funded Debt, except in connection with the renewal or extension of Funded Debt in amount not exceeding the principal amount of Funded Debt so renewed or extended, and, in the case of subsidiaries, except Funded Debt to the Corporation or a wholly-owned subsidiary; or
  - (ii) Permit any subsidiary to issue any preferred shares except to the Corporation or to a wholly-owned subsidiary, or to issue any common shares, unless the Corporation or its wholly-owned subsidiaries, if any, or both, shall acquire sufficient thereof so that the proportion of such common shares thereafter outstanding owned by the Corporation or such subsidiaries, if any, or both, shall not be less than the proportion of common shares theretofore outstanding owned by the Corporation or its subsidiaries, if any, or both; or
  - (iii) Issue any shares of Preferred Stook or of any class of stock ranking prior to or on a parity with the Preferred Stock; or
  - (iv) Sell or otherwise dispose of, or permit any subsidiary to sell or otherwise dispose of, except to the Corporation or a subsidiary, any Funded Debt or shares of stock of a subsidiary unless (a) all Funded Debt and shares of stock of such subsidiary then owned by the Corporation and its subsidiaries shall be disposed of simultaneously therewith and (b) immediately prior to such disposal such subsidiary shall not have owned any Funded Debt or shares of stock of the Corporation or its subsidiaries;

unless, as of June 30, or December 31, as the case may be, next preceding the date of such issuance, creation, incurrence, assumption, guarantee, sale or other disposition, and after giving effect thereto and to any other such issuance, creation, incurrence, assumption, guarantee, sale or other disposition, occurring since such next preceding June 30, or December 31, the sum of (a) the par or stated value of all the then outstanding shares of stock of the Corporation the rights of the holders of which shall be subject or subordinate to the rights of the holders of Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up and (b) the Consolidated Surplus shall be at least 125% of the sum of (c) Consolidated Funded Debt and (d) the involuntary liquidation value of all then outstanding shares of Preferred Stock and of any class of stock ranking prior to or on a parity with the Preferred Stock.

6. PREEMPTIVE RIGHTS: No holder of Preferred Stock of the Corporation shall have any preemptive or preferential right of subscription or purchase to any shares of any class of stock of the Corporation, whether now or hereafter authorized, or to any obligation convertible into stock of the Corporation issued or sold, or any right of subscription therefor, other than such, if any, as the Board of Directors, in its absolute discretion may, from time to time, determine, and at such price or prices as the Board of Directors may from time to time fix.

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- 7. REIMBURSEMENT OF PENNSYLVANIA PERSONAL PROPERTY TAXES: (a) The Corporation will reimburse any holder of one or more shares of Preferred Stock, who may be a resident of the Commonwealth of Pennsylvania, for payment by such holder of all personal property or similar taxes however designated (other than succession or inheritance taxes), assessed or imposed under any present or future law of the Commonwealth of Pennsylvania, or of any county, municipality or other political subdivision thereof, upon or in relation to any such shares, or upon such holder or said resident by reason of his ownership thereof, or by reason of the inclusion of such shares among the monies and credits or other personal property of such resident holder, provided, nevertheless, that the Corporation shall not be obligated to reimburse such holder for an amount in any year in excess of eight (8) mills upon each dollar of the taxable value of such shares, in respect of which such personal property or similar taxes were paid and reimbursement requested.
- (b) The obligation of the Corporation hereunder to reimburse any such holder for any such taxes is conditional, however, upon written request for such reimbursement being made to the Corporation by such holder within sixty (60) days from the date of the payment of such taxes, accompanied by an affidavit of such holder as to payment by him of such tax, together with a statement of the amount thereof. Such affidavit shall state the certificate number or numbers of the share or shares of such Preferred Stock, the fact of ownership, the residence of the affiant at the time such tax was assessed against him, the period of time covered by the assessment and payment, and the fact that such tax was duly and validly assessed upon and paid by the affiant as the resident owner of said share or shares of such stock. The Corporation shall not be liable to reimburse any holder of such Preferred Stock for any such taxes unless any such request or affidavit be fited by him within the period named, and shall not in any event be liable to reimburse any holder of Preferred Stock for any interest or penalty assessed by or paid by him in addition to such taxes as originally assessed.
- S. DEFINITIONS: For the purposes of this Article "FOURTH", the following terms shall have the meanings set forth below:
- (a) The term "subsidiary" shall mean (i) any corporation the greater portion of the business of which is transacted, or the greater portion of the assets of which is located, within the territorial limits of the United States of America (including Alaska but not including any other territorial possessions) or within the territorial limits of the Dominion of Canada, and of which the Corporation, directly or indirectly, owns or controls such number of shares of outstanding stock as at the time shall have by the terms thereof ordinary voting power to elect a majority of the Board of Directors of such corporation, irrespective of whether or not at the time stock of any other class or classes of such corporation shall or might have voting power by reason of the happening of any contingency, and (ii) any corporation of which such number of shares of outstanding stock of the character described in the foregoing clause (i) shall at the time be owned or controlled, directly or indirectly, by the Corporation and any subsidiary as defined in the foregoing clause (i) or by one or more such subsidiaries;
- (b) The term "wholly-owned subsidiary" shall mean (i) any subsidiary of which the Corporation, directly or indirectly, owns or controls at the time all of the outstanding stock, except directors' qualifying shares, and (ii) any subsidiary of which all of the outstanding stock, except directors' qualifying shares, shall at the time be owned or controlled, directly or indirectly, by the Corporation and any wholly-owned subsidiary as defined in the foregoing clause (i) or by one or more such wholly-owned subsidiaries;
- (c) The term "Consolidated Balance Sheet" shall mean the Balance Sheet of the Corporation or a Consolidated Balance Sheet of the Corporation and its subsidiaries, if any, prepared in accordance with generally accepted principles of accounting, except that, at the option of the Corporation, there need not be consolidated any subsidiary which is not required to be consolidated in accordance with generally accepted principles of accounting;
- (d) The term "Consolidated Net Income" shall mean the balance remaining applicable to the Corporation after deducting from earnings and other income and profits of the Corporation or

consolidated earnings, and their income and profits of the Corporation and its subsidiaries, if any, all expenses and charges of every proper character, all as determined from time to time in accordance with generally accepted principles of accounting; provided that, there shall not be included in any such determination any profits or losses of any subsidiary which would not be required, in accordance with generally accepted principles of accounting, to be consolidated in a Consolidated Balance Sheet prepared as of the date of such determination.

- (e) The term "Funded Debt" shall mean all indebtedness, direct or guaranteed, other than indebtedness incurred in the ordinary course of business and maturing by its terms within twelve months from the date of incurring the same; except that there shall not be included in Funded Debt any indebtedness for the payment or redemption of which at maturity or on a redemption date sums shall have been deposited in trust;
- (f) The term "Consolidated Funded Debt" shall mean the sum of (i) all Funded Debt of the Corporation and its subsidiaries, if any, after eliminating all intercompany items, plus (ii) the amount payable on involuntary liquidation with respect to preferred shares of subsidiaries, if any, not owned by the Corporation or other subsidiaries, if any, and (iii) the proportion of net assets applicable to minority interests evidenced by common shares in subsidiaries, if any, all as computed from a Consolidated Balance Sheet and as determined in accordance with generally accepted principles of accounting;
- (g) The term "Consolidated Surplus" shall mean the sum of earned surplus and paid-in capital surplus of the Corporation and its subsidiaries, if any, as determined from the Balance Sheet of the Corporation, or, if the Corporation shall have subsidiaries, then from a Consolidated Balance Sheet in accordance with generally accepted principles of accounting;
- (h) The term "outstanding", when used in reference to shares of stock, shall mean issued shares, excluding shares held by the Corporation or a subsidiary;
- (i) The amount of dividends "accrued" on any share of Preferred Stock as at any quarterly dividend date shall be deemed to be the amount of any unpaid dividends accumulated thereon to and including such quarterly dividend date, whether or not earned or declared, and the amount of dividends "accrued" on any share of Preferred Stock as at any date other than a quarterly dividend date shall be calculated as the amount of any unpaid dividends accumulated thereon to and including the last preceding quarterly dividend date, whether or not earned or declared, plus an amount equivalent to interest on the par value of such share at the annual dividend rate for the period after such last preceding quarterly dividend date to and including the date as of which the calculation is made:
  - (j) Any class or classes of stock of the Corporation shall be deemed to rank
  - (i) Prior to the Preferred Stock if the holders of such class or classes shall be entitled in respect of dividends or upon liquidation, dissolution or winding-up to receive amounts in preference or priority to the holders of the Preferred Stock;
  - (ii) On a parity with the Preferred Stock (whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share thereof be different from those of the Preferred Stock) if the holders of such class or classes of stock shall be entitled in respect of dividend or upon liquidation, dissolution or winding-up to receive amounts in proportion to their respective dividend rates or liquidation prices without preference or priority one over the other with respect to the holders of the Preferred Stock;
  - (iii) Junior to the Preferred Stock if the rights of the holders of such class or classes shall be subject or subordinate to the rights of the holders of the Preferred Stock in respect of the receipt of dividends or amounts distributable upon liquidation, dissolution or winding up.
- (k) The term "Corporation" when used to refer to the Corporation incorporated under this Certificate of Incorporation, shall mean Affiliated Gas Equipment, Inc., a Delaware corporation, or any successor corporation.

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#### B. Common Stock

- 1. EQUAL RIGHTS; Each share of Common Stock issued or to be issued under the provisions of this Article "FOURTH" shall be equal in all respects, one with the other, and no dividend shall be paid on any shares of Common Stock unless the same dividend is paid on all shares of Common Stock outstanding at the time of such payment, and there shall be no distinction or difference between any share of Common Stock, or any rights appertaining thereto, and any other share of Common Stock.
- 2. CUMULATIVE VOTING: At any elections of directors of the Corporation, each holder of shares of Common Stock shall be entitled to as many votes as shall equal the number of his shares of Common Stock multiplied by the number of directors to be elected and such stockholder may east all of such votes for a single director or may distribute them among the number to be voted for or any two or more of them, as such stockholder may see fit.
- 3. PREEMPTIVE RIGHTS: No holder of Common Stock shall be entitled as such, as a matter of right, to subscribe for or purchase any part of any new or additional issue of stock of any class whatsoever or of securities convertible into stock of any class whatsoever whether now or hereafter authorized or whether issued for cash or other consideration, except as may hereafter be expressly granted and provided for by the Board of Directors in their absolute discretion.
- 4. OTHER RIGHTS: Except for and subject to those rights expressly granted in Section A of this Article "Fourth" to the holders of the Preferred Stock, and except in respect to preemptive rights which are provided for in this Section B, or except as may be provided by the laws of the State of Delaware, the holders of the Common Stock shall have exclusively all other rights of stockholders, including, but not by way of limitation: (a) exclusive voting power for all purposes and exclusive rights to all notices of meetings or of any action to be taken by the Corporation or by its stockholders, (b) the right to receive dividends, when and as declared by the Board of Directors out of assets lawfully available therefor, and (c) in the event of any distribution of assets upon liquidation, dissolution or winding-up of the Corporation or otherwise, the right to receive ratably and equally all of the assets and funds of the Corporation remaining after the payment to the holders of other classes of stock of the Corporation of the specific amounts which they are entitled to receive upon such liquidation, dissolution or winding-up of the Corporation as hereinbefore provided.

FIFTE: The minimum amount of capital with which the Corporation will commence business is \$1,000.00.

Sixth: The name and place of residence of each of the incorporators is as follows:

Name	Residence			
Charles N. Caldwell	160 Broadway, New York 7, N. Y.			
David H. Jackman	160 Broadway, New York 7, N. Y.			
Thomas A. McCarthy	160 Broadway, New York 7, N. Y.			

SEVENTH: The Corporation is to have perpetual existence.

EIGHTH: The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

NINTH: The following provisions are inserted for the management of the business and for the conduct of the affairs of this Corporation and for further definition, limitation and regulation of the powers of this Corporation and of its directors and its stockholders:

1. The number of directors of the Corporation shall be such as from time to time shall be fixed by, or in the manner provided for in the By-Laws, but shall not be less than three. In case of any increase in the number of directors, the additional directors may be elected by the Board of Directors or by the stockholders at an annual or special meeting, as shall be provided in the By-Laws. Election of directors need not be by ballot unless the By-Laws so provide. Directors need not be stockholders.

- 2. The Board of Directors shall have power to make, alter, amend and repeal the By-Laws of the Corporation, subject only to such limitations, if any, as the By-Laws may from time to time impose.
- 3. Subject to any provision of the By-Laws, the Board of Directors shall have power, from time to time, to determine whether, to what extent, at what times and places and under what conditions and regulations, the accounts, books and papers of the Corporation (other than the stock ledger), or any of them, shall be open to the inspection of stockholders; and no stockholder shall have any right to inspect any account, book or paper of the Corporation, except as conferred by statute or authorized by the By-Laws or by the Board of Directors.
- 4. No contract or other transaction between the Corporation and any other corporation shall be void or voidable because of the fact that any director of the Corporation is a director, officer, stockholder or creditor of such other corporation, if such contract or other transaction shall be approved or ratified by the affirmative vote of a majority of the directors present at a meeting of the Board of Directors or any committee of the Corporation having authority in the premises, who are not so interested. Any director, individually, or any firm of which any director is a partner, may be a party to or may be interested in any contract or other transaction of the Corporation, if such contract or other transaction will be approved or ratified by the affirmative vote of a majority of the directors present at a meeting of the Board of Directors or any committee of the Corporation having authority in the premises, who are not so interested. Nor shall any director be liable to account to the Corporation for any profit realized by him from or through any such contract or other transaction of the Corporation ratified or approved as aforesaid, by reason of his interest in such contract or other transaction. Directors so interested may be counted when present at meetings of the Board of Directors or of such committee for the purpose of determining the existence of a quorum. Any director whose interest in any such contract or other transaction arises solely by reason of the fact that he is a director, officer, stockholder or creditor of such other corporation, or solely by reason of the fact that he is a partner, officer or creditor of such firm, when such contract or other transaction is made or carried out by officers or employees of the Corporation in the ordinary performance of their duties and without the actual participation of such director, shall not be deemed interested in such contract or other transaction under any of the provisions of this subdivision (4), nor shall any such contract or other transaction be void or voidable, nor shall any such director be liable to account because of such interest, nor need any such interest be disclosed.
- 5. Any contract, transaction or act of the Corporation or the Board of Directors or of any committee which shail be ratified by a majority of a quorum of the stockholders entitled to vote at any annual meeting, or at any special meeting called for the purpose, shall be as valid and binding as though ratified by every stockholder of the Corporation; provided, however, that any failure of the stockholders to approve or ratify such contract, transaction or act, when and if submitted, shall not of itself be deemed in any way to invalidate the same or to deprive the Corporation, its directors or officers, of their right to proceed with such contract, transaction or act.
- 6. The Board of Directors shall have power from time to time to fix and determine and to vary the amount to be reserved as working capital and, before the payment of any dividends or the making of any distribution of profits, it may set aside out of the net profits of the Corporation such sum or sums as it may, from time to time and in its absolute discretion, think proper as additional working capital, or to meet contingencies, or for such corporate purpose as the Board shall think conducive to the interests of the Corporation, subject only to such limitations, if any, as the By-Laws of the Corporation may from time to time impose.
- 7. The Board of Directors may appoint from among the directors an executive committee and such other committees as it may deem desirable and, to such extent as shall be provided by resolution of the Board of Directors and so far as may be permitted by law and subject to any provision of the By-Laws of the Corporation, may delegate to any such committee all or any of the powers of the Board of Directors, and any such committee shall have, and thereupon may exercise, all or any of the powers so delegated.

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- 8. Any person made a party to any action, suit or proceeding by reason of the fact that he, his testator or intestate, is or was a director, officer, or eniployee of the Corporation or of any corporation which he served as such at the request of the Corporation, shall be indemnified by the Corporation against any and all reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense of any such action, suit or proceeding, or in connection with any appeal therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such officer, director or employee is liable for negligence or misconduct in the performance of his duties. Such right of indemnification shall not be deemed exclusive of any other rights to which such director, officer or employee may be entitled apart from this provision. Any and all amounts payable by way of indemnity, hereunder shall be determined and paid in such manner as may be provided in the By-Laws of the Corporation or by resolution of the Board of Directors or of the stockholders in a specific case.
- 9. In addition to the powers and authorities herein or by statute expressly conferred upon it, the Board of Directors is hereby empowered to exercise all such powers and to do all such acts and things as may be exercised or done by the Corporation, subject, however, to the provisions of the statutes of Delaware and of this Certificate of Incorporation, and to any By-Laws from time to time made by the stockholders and at the time in effect.

TENTH: Whenever a compromise or arrangement is proposed between this Corporation and its ditors or any class of them and/or between this Corporation and its stockholders or any class of m, any court of equitable jurisdiction within the State of Delaware may, on the application in a mary way of this Corporation or of any creditor or stockholder thereof, or on the application of receiver or receivers appointed for this Corporation under the provisions of Section 3883 of the vised Code of 1915 of said State, or on the application of trustees in dissolution or of any receiver receivers appointed for this Corporation under the provisions of Section 43 of the General Corpora-Law of the State of Delaware, order a meeting of the creditors or class of creditors, and/or of the kholders or class of stockholders of this Corporation, as the case may be, to be summoned in such mer as the said Court directs. If a majority in number representing three-fourths in value of the ditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation. the case may be, agree to any compromise or arrangement and to any reorganization of this Coration as a consequence of such compromise or arrangement, the said compromise or arrangement the said reorganization shall, if sanctioned by the Court to which the said application has been le, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of kholders, of this Corporation, as the case may be, and also on this Corporation.

ELEVENTH: The Corporation reserves the right to amend, alter, change, or repeal any provision tained in this Certificate of Incorporation in the manner now or hereafter prescribed by law and all its conferred herein on stockholders are subject to this reserved power.

In witness whereof, we have hereunto set our hands and seals this 7th day of January, 1949.

## the Presence of:

TERESA PERNETTI

CHARLES N. CALDWELL Charles N. Caldwell	(L.S.)	
Davio H. Jackman David H. Jackman	(L.S.)	
THOMAS A. McCARTHY Thomas A. McCarthy	(L.S.)	

STATE OF NEW YORK COUNTY OF NEW YORK SS.:

Be It Remembered that on this 7th day of January, A.D., 1949, personally came before Teresa Permetti, a Notary Public in and for the County and State aforesaid. Charles N. Caldow David H. Jackman and Thomas A. McCarthy, parties to the foregoing Amended Certificate Incorporation, known to me personally to be such, and severally acknowledged the said Certificate the act and deed of the signers, respectively, and that the facts therein stated are truly set forth.

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INDUSTRIAL TO ACTUAL MATURIAL AGENTS.

Given under my hand and seal of office the day and year aforesaid.

TERESA PERNETTI

TERESA PERNETTI NOTARY PUBLIC STATE OF NEW YORK

TERESA PERNETTI
Notary Public in the State of New Yorl
Residing in Kings County
Kings County Clerk's No. 189
Certificates Filed in N. Y. County No. 3
Commission Expires March 30, 1950

## Affiliated Gas Equipment, Inc.

Incorporated Under the Laws of Delaware

## COMMON STOCK

TOTA	full paid and non assessable shares of the par value of One Dollar each of the COMMON STOCK of	
3	AFFILIATED GAS EQUIPMENT, INC.	
Assista	(hereinafter called the "Corporation"), transferable on the books of the Corporation by said owner in person or by his duly authorized attorney, upon the surrender of this certificate properly endorsed. Certain of the provisions of the Certificate of Incorporation of the Corporation, as amended, setting forth the designations, and the powers, preferences and relative participating, optional or other special rights of the shares of each class of stock which the Corporation is authorized to issue, and the qualifications, limitations or restrictions thereof, are printed on the reverse side hereof and by reference incorporated herein. This certificate and the shares represented hereby are issued and shall be held subject to the provisions of the Certificate of Incorporation, as amended, and to the By-Laws of the Corporation, copies of which are on file at the office of the Transfer Agent of the Corporation, and to which reference is hereby expressly made and to all of which the holder hereof by acceptance of this certificate hereby assents.	
	This certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.	<b>≧</b>
	GAS EQUIPMENT WITNESS the seal of the Corporation and the signatures of its duly authorized officers.	thorie .
	Dated AFFILIATED GAS EQUIPMENT, INC.	S
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PROOF OF JANUARY 10, 1949

Exhibit 6(a)

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## AFFILIATED GAS - ONE

#### A. PREFERRED STOCK

- 1. Dividends; (a) Holders of Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors but of any funds of the Corporation at the time legally available for the payment of dividends, dividends at the rate of Three Dollars (\$3.00) per annum, payable quarterly on March 20, June 20, September 20 and December 20, in each year thereinafter referred to as "quarterly dividend dates"), before any dividend shall be declared or paid upon or set apart for any other stock of the Corporation ranking junior to the Preferred Stock; and such dividends on the Preferred Stock shall be cumulative from and after the date of issue.
- (b) So long as any Preferred Stock shall remain outstanding, no dividends (other than dividends payable in stock the rights of the holders of which shall be subject or subordinate to the rights of the holders of the Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up) shall be paid upon, nor shall any distribution be made to, any class of stock ranking junior to the Preferred Stock, nor shall any share: of any such junior class be purchased or otherwise acquired for valuable consideration by the Corporation or any subsidiary, nor shall any shares of any such class be redeemed by the Corporation, nor shall any moneys be paid or made available for any such purchase, acquisition or redemption of any shares of any such class of stock under any of the following circumstances:

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- (i) If dividends in full on all outstanding shares of Preferred Stock for all past quarterly dividend periods and for the then current quarterly dividend period shall not have been paid or declared and set aside for payment; or
- (ii) If the Corporation shall have failed to set apart for, or apply to, the redemption or purchase of Preferred Stock all amounts, if any, then or theretofore required to be set apart or applied under any retirement or sinking fund provisions with respect to the Preferred Stock; or
- (iii) If the aggregate amount of payments for all dividends, distributions, purchases, (iii) If the aggregate amount of payments for all dividends, distributions, purchases, acquisitions and redemptions as to any class of stock ranking junior to the Preferred Stock (including the payment to be then made, but excluding dividends payable in stock the rights of the holders of which shall be subject or subordinate to the rights of the holders of the Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up) made subsequent to February 1, 1949 shall exceed the sum of (a) Consolidated Net Income from and after February 1, 1949, after deduction therefrom of all dividends and all retirement or sinking fund requirements after February 1, 1949 on the Preferred Stock and on any class of stock ranking prior to or on a parity with the Preferred Stock (b) \$500,000 and (c) the aggregate net consideration received by the Corporation from the issue or sale, subsequent to February 15, 1949, of shares of any class of such junior stock; or stock: or
- (iv) If, as of June 30 or December 31, as the case may be, next preceding the date of payment for such dividend, distribution, purchase, acquisition or redemption, and after giving effect thereto and to all other such payments, distributions, purchases, acquisitions and redemptions paid since such next preceding June 30 or December 31, the sum of (a) the par or stated value of all the then outstanding shares of stock of the Corporation the rights of the holders of which shall be subject or subordinate to the rights of the holders of Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up and (b) the Consolidated Surplus, shall be less than 125% of the sum of (c) Consolidated Funded Debt and (d) the involuntary liquidation value of all then outstanding shares of Preferred Stock and of any class of stock ranking prior to or on a parity with the Preferred Stock.
- (c) If, at any time, the Corporation shall have failed to pay dividends in full on the Preferred Stock, thereafter and until dividends in full, including all accrued and unpaid dividends on the Preferred Stock outstanding, shall have been paid or declared and set apart for payment, neither the Corporation nor any subsidiary shall purchase any Preferred Stock except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of Preferred Stock, upon such terms as the Board of Directors, in their sole discretion, shall determine (which determination shall be final and conclusive).
- 2. Liquidation: In the event of any liquidation, dissolution or winding-up of the Corporation, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for any other class or classes of stock capital of surplus's shall be made to of set apart to any other least of classes of stock ranking junior to the Preferred Slock, the Preferred Slock shall be entitled to payment at the rate of Fifty Dollars (\$50) a share, plus an amount equivalent to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to the holders of the Preferred Stock, and, in addition thereto, if such liquidation is the professional states of the Preferred Stock, and, in addition thereto, if such liquidations of the Preferred Stock, and the states of the Preferred Stock, and the states of the Preferred Stock and the states of the Preferred Stock and the states of the Preferred Stock and the states of the states of the Preferred Stock and the states of the stat distribution to the holders of the Preferred Stock, and, in addition thereto, if such liquidation, dissolution or winding-up be voluntary, an amount equivalent to the premium per share of Preferred Stock that would then be payable, if the Preferred Stock were then redeemed pursuant to the provisions of Paragraph 3 of Section A hereof. If, upon any such dissolution, liquidation or winding-up, the assets of the Corporation distributable among the holders of the Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid, then such assets, or the proceeds thereof, shall be distributed among the holders of the Preferred Stock ratably in accordance with the sums which would be payable on such distribution, if all sums payable were discharged in full. The voluntary sale, conveyance, exchange or transfer (for eash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall be deemed a voluntary dissolution, liquidation or winding-up of the Corporation into or with any other corporation, or the merger of any other corporation into it, shall not be deemed to be a dissolution, liquidation or winding-up, voluntary or involuntary, for the purposes of this Paragraph 2. for the purposes of this Paragraph 2.
- 3. Redemption: (a) The Preferred Stock may be redeemed at any time or from time to time at the option of the Board of Directors expressed by resolution, in whole or in

### AFFILIATED GAS - TWO

part (except as herein otherwise expressly provided), by lot or pro rata (to the nearest full share) in the case of any partial redemption, upon at least thirty (30) days prior notice given by mail to the holders of record of the shares of Preferred Stock to be redeemed and otherwise given in such manner as may be prescribed by resolution of the Board of Directors; provided, however, that the accidental failure to mail any such notice to one or more of such holders shall not affect the validity of such redemption as to the other holders. Such notice by mail shall be deemed to have been duly given to any holder of the Preferred Stock within the meaning of the foregoing provision when the same shall have been deposited in the United States mails, addressed to such holder at his last known address as it appears upon the books of the Corporation, postage prepaid. In case of any such redemption, the Corporation shall also publish once, not less than thirty (30) days prior to the redemption date, in two newspapers both printed in the English language and customarily published on each business day, one of general circulation in the Borough of Manhattan, City and State of New York, and the other of general circulation in the City of Cleveland and State of Ohio, publication to be made in each case on a business day, notice of such redemption setting forth the redemption date and the aggregate number of the shares to be redeemed (but not the specific shares or the certificates affected by such redemption) and stating that information as to the specific shares to be redeemed and the other terms and provisions of such redemption may, upon inquiry, be obtained at the office of the Corporation in the City of Cleveland, Ohio, or at the office of the Corporation in the City of Cleveland, Ohio, or at the office of the Transfer Agent for said shares in the Borough of Manhattan, City of New York (the addresses of which shall be stated in said notice), but the accidental failure to publish such notice as herein provided shall not

(b) The price per share payable upon the redemption of the Preferred Stock, over and above the par value thereof and any dividends accrued thereon, shall be Three Dollars (\$3.00) per share, if redeemed on or before January 15, 1953; Two Dollars and Twenty-five Cents (\$2.25) per share, if redeemed thereafter and on or before January 15, 1958; and One Dollar and Twenty-five Cents (\$1.25) per share, if redeemed thereafter.

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- (c) Notice having been given as aforesaid, from and after the date fixed in any such notice as the date of redemption, unless default shall be made by the Corporation in providing money for the payment of the redemption price, all dividends on the shares of Preferred Stock so called for redemption shall cease to accrue and all rights of the holders of said shares, by virtue of their ownership thereof, except the right to receive the redemption price thereof, shall cease and determine; provided, however, that if the Corporation shall deposit with a bank, private banker, or trust company (which shall have an office in Cleveland, Ohio, or New York City and a capital and surplus of at least \$5,000,000) a sum sufficient for the redemption of all shares of Preferred Stock to be redeemed, in trust for the benefit of the holders thereof, and irrevocably authorize and direct said bank, private banker, or trust company to give and publish notice of redemption of said shares for and in the name'e' the Corporation in the manner hereinabove provided, from and after the date of such deposit, all rights of the holders of the shares of Preferred Stock so called for redemption, by virtue of their ownership of said shares, except the right to receive the redemption price thereof, shall cease and determine. The holders of such Preferred Stock shall not be entitled to any interest allowed by such depositary on funds so deposited, but any such interest shall be paid to the Corporation.
- (d) Any shares of Preferred Stock which shall at any time have been redeemed, or which shall at any time have been surrendered for cancellation pursuant to the retirement or sinking fund provisions with respect to the Preferred Stock, shall be permanently retired and cancelled and shall under no circumstances be reissued.
- 4. Sinking Fund: The Preferred Stock shall be subject to the operation of an annual sinking fund as follows:
- (a) On or before the one hundred and twentieth day following the close of each fiscal year of the Corporation, commencing with the fiscal year ending in 1949, the Corporation shall retire, through purchase, redemption or otherwise, shares of Preferred Stock of a par value equivalent to three and one-third percentum (31%) of the aggregate par value of the total number of shares of Preferred Stock issued prior to the close of the next preceding fiscal year, plus all sinking fund arrearages, if any. Shares of Preferred Stock so retired shall be cancelled and shall not be reissued. If more than the number of shares of Preferred Stock required to be retired on or before any such date as aforesaid shall be retired prior to such date, the excess or any portion thereof may be credited against any sinking fund arrearage, or, if there be no sinking fund arrearage, against the amount to be retired on or before any subsequent such date.

of shares of Preferred Stock required to be retired on or before any such date as aforesaid shall be retired prior to such date, the excess or any portion thereof may be credited against any sinking fund arrearage, or, if there be no sinking fund arrearage, against the amount to be retired on or before any subsequent such date. An opinion of any firm of independent public accountants of recognized standing (which may be the firm which regularly examines the financial statements of the Corporation), selected by the Board of Directors of the Corporation, as to the amount required to be set aside on any such one hundred and twentieth day, shall be conclusive evidence

- (b) Preferred Stock to be redeemed by the Corporation for sinking fund purposes shall be redeemed in the manner provided in Paragraph 3 of Section A of this Article FOURTH, provided, however, that the price per share payable upon the redemption of the Preferred Stock for the purpose of said annual sinking fund, over and above the par value thereof and any dividends accrued thereon, shall be One Dollar and Seventy-Five Cents (\$1.75) per share, if redeemed on or before January 15, 1953; One Dollar and Fifty Cents (\$1.50) per share, if redeemed thereafter and on or before January 15, 1953; and One Dollar and Twenty-Five Cents (\$1.25) per share, if redeemed thereafter.
- 5. Voting Rights: (a) The holders of the Common Stock, with one vote for each share, shall have exclusive voting power for all purposes and the holders of the Preferred Stock shall have no voting rights whatsoever and shall not be entitled to notice of any meeting or of any action to be taken by the Corporation or by its stockholders, except as required by law and except as hereinafter in this Paragraph 5 provided.

#### AFFILIATED GAS - THREE

(b) (i) Whenever, at any time or times, dividends payable on the Preferred Stock shall have been in arrears and unpaid in an aggregate amount equal to or exceeding the amount of dividends payable thereon for one year. then the holders of the Preferred Stock shall have with respect to the election of directors, the exclusive right, voting separately as a class, to elect one-third of the total number of directors of the Corporation (or, if such total number of directors be not evenly divisible by three, then the next highest number above one-third but in no event less than two such directors) and the remaining directors shall be elected by the other class or classes of stock entitled to vote therefor, at each meeting of stockholders held for the purpose of electing directors, until such time as all dividends accumulated on the Preferred Stock shall have been paid in full, at which time the special right of the holders of Preferred Stock so to vote separately as a class on the election of directors shall terminate, subject to revesting in the event of each and every other subsequent default of the character indicated above.

(ii) At any time after such special voting power shall have vested in the holders of

default of the character indicated above.

(ii) At any time after such special voting power shall have vested in the holders of Preferred Stock and before the next regular meeting of the Corporation for the election of directors, a proper officer of the Corporation shall, upon the written request of the holders of record of at least ten percentum (10%) of the shares of Preferred Stock then outstanding, call a special meeting of the holders of Preferred Stock and of any other class or classes of stock then having voting power with respect thereto, for the purpose of electing directors. Such meeting of the stockholders of the Corporation and shall be called upon the notice required for annual meetings of stockholders. If such meeting shall not be called by the proper officer of the Corporation within twenty (20) days after personal service of said written request upon the Secretary of the Corporation or within twenty days after mailing the same within the United States of America by registered mail addressed to such Secretary at the principal office of the Corporation, then the holders of record of at least ten percentum (10%) of the shares of the Preferred Stock then outstanding, may designate in writing one of their number to call such meeting and such meeting may be called by such person so designated upon the notice required for annual meetings of stockholders and shall be held at the place for the holding of annual meetings of stockholders to be called pursuant to these provisions.

(iii) At any meeting so called, and at any other meeting of stockholders held for the purpose of electing directors at which the Preferred Stock shall have the special right, voting separately as a class, to elect directors as aforesaid, the presence in person or by proxy of the holders of at least one-third of the shares of Preferred Stock then outstanding shall constitute a quorum of such class for the election of directors by the Preferred Stock as a class.

(iv) At any such meeting or adjournment thereof, (a) the absence of a quorum of the holders of the Preferred Stock shall not prevent the election of the directors to be elected by the holders of stock other than the Preferred Stock, and the absence of a quorum of holders of stock other than the Preferred Stock shall not prevent the election of the directors to be elected by the holders of the Preferred Stock, and (b) in the absence of such quorum either of the holders of the Preferred Stock or of stock other than the Preferred Stock, or both, a majority of the holders, present in person or by proxy, of the stock, or stocks which lack a quorum shall have power to adjourn the meeting for the election of the directors which they are entitled to elect, from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(v) The term of office of all directors in office at any time when special voting power shall, as aforesaid, have become vested in the holders of the Preferred Stock shall terminate upon the election of any new directors at any meeting of stockholders called for the purpose of electing directors. Upon any termination of the special voting power right of the holders of the Preferred Stock to vote for directors as herein provided, the term of office of all directors then in office who may have been elected by vote of the holders of the shares of Preferred Stock voting as a class, pursuant to such special right, shall terminate and the resulting vacancies shall be filled by the vote of a majority of the remaining directors.

(c) So long as any Preferred Stock shall be outstanding, the Corporation shall not, without the affirmative vote, at a meeting, of the holders of at least two-thirds of the shares of the Preferred Stock then outstanding, do any of the following things:

(i) Create any other class of stock which shall rank prior to the Preferred Stock or increase the authorized number of shares of any such other class of stock;

(ii) Change, alter, amend, or repeal in any manner the express terms and provisions hereof applicable to the Preferred Stock; or

(iii) Authorize any reclassification of the Preferred Stock or a liquidation, dissolution or winding-up of the Corporation, or a consolidation or merger of the Corporation, or a disposal by sale, exchange, lease, or in any other manner of all or substantially all of the property and assets of the Corporation;

all of the property and assets of the Corporation; provided, however, that the provisions of clause (iii) of this subparagraph (c) shall not apply to, nor shall it operate to prevent, a consolidation or merger of the Corporation with another corporation, if (a) after the consummation of such consolidation or merger, (i) the resulting or surviving corporation (which may be this Corporation or another corporation) will have, after such merger or consolidation, no stock either authorized or outstanding ranking prior to or on a parity with the Preferred Stock or other stock issued in substitution or exchange therefor, except the same or a lesser number of shares of stock, with the same terms and provisions, as the stock or stocks of this Corporation ranking prior to or on a parity with the Preferred Stock authorized and outstanding immediately prior to such merger or consolidation, and (ii) each holder of shares of Preferred Stock immediately prior to such merger or consolidation shall retain or receive the same number of shares of the resulting or surviving corporation having the same terms and provisions as the shares of Preferred Stock held by such holder, and (iii) the resulting or surviving corporation and its subsidiaries do not have outstanding, immediately after such merger or consolidation, Funded Debt, preferred stock or common stock

## AFFILIATED GAS - FOUR

in an aggregate amount greater than is then permitted under the provisions of subparagraph (c) below and (b) none of the assets of the Corporation shall be distributed in connection with such consolidation or merger.

- (d) The Corporation shall not, without the affirmative vote, at a meeting, of the holders of at least a majority in amount of the Preferred Stock then outstanding, create any class of stock which shall rank on a parity with the Preferred Stock, or increase the authorized number of shares of any such class of stock or of the Preferred Stock.
- (e) So long as any of the Preferred Stock remains outstanding, the Corporation, without the affirmative vote, at a meeting, of the holders of at least two-thirds of the shares of Preferred Stock of all series then outstanding, shall not do any of the following things:
- (i) Create, incur, issue, assume or guarantee, or permit any subsidiary to create, incur, issue, assume or guarantee, any Funded Debt, except in connection with the renewal or extension of Funded Debt in amount not exceeding the principal amount of Funded Debt so renewed or extended, and, in the case of subsidiaries, except Funded Debt to the Corporation or a wholly-owned subsidiary; or
- (ii) Permit any subsidiary to issue any preferred shares except to the Corporation or to a wholly-owned subsidiary, or to issue any common shares, unless the Corporation or its wholly-owned subsidiaries, if any, or both, shall acquire sufficient thereof so that the proportion of such common shares thereafter outstanding owned by the Corporation or such subsidiaries, if any, or both, shall not be less than the proportion of common shares theretofore outstanding owned by the Corporation or its subsidiaries, if any, or both; or
- (iii) Issue any shares of Preferred Stock or of any class of stock ranking prior to or on a parity with the Preferred Stock; or
- or on a parity with the Preferred Stock; or

  (iv) Sell or otherwise dispose of, or permit any subsidiary to sell or otherwise dispose
  of, except to the Corporation or a subsidiary, any Funded Debt or shares of stock of
  a subsidiary unless (a) all Funded Debt and shares of stock of such subsidiary then
  owned by the Corporation and its subsidiaries shall be disposed of simultaneously
  therewith and (b) immediately prior to such disposal such subsidiary shall not have
  owned any Funded Debt or shares of stock of the Corporation or its subsidiaries;
  unless, as of June 30, or December 31, as the case may be, next preceding the date of

unless, as of June 30, or December 31, as the case may be, next preceding the date of such issuance, creation, incurrence, assumption, guarantee, sale or other disposition, and after giving effect thereto and to any other such issuance, creation, incurrence, assumption, guarantee, sale or other disposition, occuring-since such next preceding June 30, or December 31, the sum of (a) the par or stated value of all the then outstanding shares of stock of the Corporation the rights of the holders of which shall be subject or subordinate to the rights of the holders of Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up and (b) the Consolidated Surplus shall be at least 125% of the sum of (c) Consolidated Funded Debt and (d) the involuntary liquidation value of all then outstanding shares of Preferred Stock and of any class of stock ranking prior to or on a pality with the Preferred Stock

- 6. Preemptive Rights: No holder of Preferred Stock of the Corporation shall have any preemptive or preferential right of subscription or purchase to any shares of any class of stock of the Corporation, whether now or hereafter authorized, or to any obligation convertible into stock of the Corporation issued or sold, or any right of subscription therefor, other than such, if any, as the Board of Directors, in its absolute discretion may, from time to time, determine, and at such price or prices as the Board of Directors may from time to time fix.
- 7. Reimbursement of Pennsylvania Personal Property Taxes: (a) The Corporation will reimburse any holder of one or more shares of Preferred Stock, who may be a resident of the Commonwealth of Pennsylvania, for payment by such holder of all personal property or similar taxes however designated (other than succession or inheritance taxes), assessed or imposed under any present or future law of the Commonwealth of Pennsylvania, or of any county, municipality or other political subdivision thereof, upon or in relation to any such shares, or upon such holder or said resident by reason of his ownership thereof, or by reason of the inclusion of such shares among the monies and credits or other personal property of such resident holder, provided, nevertheless, that the Corporation shall not be obligated to reimburse such holder for an amount in any year in excess of eight (8) mills upon each dollar of the taxable value of such shares, in respect of which such personal property or similar taxes were paid and reimbursement requested.
- (b) The obligation of the Corporation hereunder to reimburse any such holder for any such taxes is conditional, however, upon written request for such reimbursement being made to the Corporation by such holder within sixty (60) days from the date of the payment of such taxes, accompanied by an aflidavit of such holder as to payment by him of such tax, together with a statement of the amount thereof. Such aflidavit shall state the certificate number or numbers of the share or shares of such Preferred Stock, the fact of ownership, the residence of the afliant at the time such tax was assessed against him, the period of time covered by the assessment and payment, and the fact that such tax was duly and validly assessed upon and paid by the afliant as the resident owner of said share or shares of such stock. The Corporation shall not be liable to reimburse any holder of such Preferred Stock for any such taxes unless any such request or affidavit be filed by him within the period named, and shall not in any event be liable to reimburse any holder of Preferred Stock for any interest or penalty assessed by or paid by him in addition to such taxes as originally assessed.
- 8. Definitions: For the purposes of this Article "Fourth", the following terms shall have the meanings set forth below:
- (a) The term "subsidiary" shall mean (i) any corporation the greater portion of the business of which is transacted, or the greater portion of the assets of which is located,

#### AFFILIATED GAS - FIVE

within the territorial limits of the United States of America (including Alaska but not including any other territorial possessions) or within the territorial limits of the Dominion of Canada, and of which the Corporation, directly or indirectly, owns or controls such number of shares of outstanding stock as at the time shall have by the terms thereof ordinary voting power to elect a majority of the Board of Directors of such corporation, irrespective of whether or not at the time stock of any other class or classes of such corporation shall or might have voting power by reason of the happening of any contingency, and (ii) any corporation of which such number of shares of outstanding stock of the character described in the foregoing clause (i) shall at the time be owned or controlled, directly or indirectly, by the Corporation and any subsidiary as defined in the foregoing clause (i) or by one or more such subsidiaries;

- (b) The term "wholly-owned subsidiary" shall mean (i) any subsidiary of which the Corporation, directly or indirectly, owns or controls at the time all of the outstanding stock, except directors' qualifying shares, and (ii) any subsidiary of which all of the outstanding stock, except directors' qualifying shares, shall at the time be owned or controlled, directly or indirectly, by the Corporation and any wholly-owned subsidiary as defined in the foregoing clause (i) or by one or more such wholly-owned subsidiaries;
- (c) The term "Consolidated Balance Sheet" shall mean the balance sheet of the Corporation or a consolidated balance sheet of the Corporation and its subsidiaries, if any, prepared in accordance with generally accepted principles of accounting, except that, at the option of the Corporation, there need not be consolidated any subsidiary which is not required to be consolidated in accordance with generally accepted principles of accounting;
- (d) The term "Consolidated Net Income" shall mean the balance remaining applicable to the Corporation after deducting from carnings and other income and profits of the Corporation or consolidated earnings and other income and profits of the Corporation and its subsidiaries, if any, all expenses and charges of every proper character, all as determined from time to time in accordance with generally accepted principles of accounting; provided that, there shall not be included in any such determination any profits or losses of any subsidiary which would not be required, in accordance with generally accepted principles of accounting, to be consolidated in a Consolidated Balance Sheet prepared as of the date of such determination.
- (e) The term "Funded Debt" shall mean all indebtedness, direct or guaranteed, other than indebtedness incurred in the ordinary course of business and maturing by its terms within twelve months from the date of incurring the same; except that there shall not be included in Funded Debt any indebtedness for the payment or redemption of which at maturity or on a redemption date sums shall have been deposited in trust;
- (1) The term "Consolidated Funded Debt" shall mean the sum of (i) all Funded Debt of the Corporation and its subsidiaries, if any, after eliminating all intercompany items, plus (ii) the amount payable on involuntary liquidation with respect to preferred shares of subsidiaries, if any, not owned by the Corporation or other subsidiaries, if any, and (iii) the proportion of net assets applicable to minority interests evidenced by common shares in subsidiaries, if any, all as computed from a Consolidated Balance Sheet and as determined in accordance with generally accepted principles of accounting;
- (g) The term "Consolidated Surplus" shall mean the sum of earned surplus and paid-in capital surplus of the Corporation and its subsidiaries, if any, as determined from a balance sheet of the Corporation, or if the Corporation shall have subsidiaries, then from a Consolidated Balance Sheet in accordance with generally accepted principles of accounting;
- (h) The term "outstanding", when used in reference to shares of stock, shall mean issued shares, excluding shares held by the Corporation or a subsidiary;
- (i) The amount of dividends "accrued" on any share of Preferred Stock as at any quarterly dividend date shall be deemed to be the amount of any unpaid dividends accumulated thereon to and including such quarterly dividend date, whether or not earned or declared, and the amount of dividends "accrued" on any share of Preferred Stock as at any date other than a quarterly dividend date shall be calculated as the amount of any unpaid dividends accumulated thereon to and including the last preceding quarterly dividend date, whether or not earned or declared, plus an amount equivalent to interest on the par value of such share at the annual dividend rate for the period after such last preceding quarterly dividend date to and including the date as of which the calculation is made:
  - (j) Any class or classes of stock of the Corporation shall be deemed to rank
- Prior to the Preferred Stock if the holders of such class or classes shall be entitled
  in respect of dividends or upon liquidation, dissolution or winding-up to receive amounts
  in preference or priority to the holders of the Preferred Stock;
- (ii) On a parity with the Preferred Stock (whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share thereof be different from those of the Preferred Stock) if the holders of such class or classes of stock shall be entitled in respect of dividend or upon liquidation, dissolution or winding-up to receive amounts in proportion to their respective dividend rates or liquidation prices without preference or priority one over the other with respect to the holders of the Preferred Stock:
- (iii) Junior to the Preferred Stock if the rights of the holders of such class or classes shall be subject or subordinate to the rights of the holders of the Preferred Stock in respect of the receipt of dividends or amounts distributable upon liquidation, dissolution or winding up.
- (k) The term "Corporation" when used to refer to the Corporation incorporated under this Certificate of Incorporation, shall mean Affiliated Gas Equipment, Inc., a Delaware corporation, or any successor corporation.

## AFFILIATED GAS - SIX

## B. COMMON STOCK

- 1. Equal Rights: Each share of Common Stock issued or to be issued under the pro-Visions of this Article "Fourth" shall be equal in all respects, one with the other, and no dividend shall be paid on any shares of Common Stock unless the same dividend is paid on all shares of Common Stock outstanding at the time of such payment, and there shall be no distinction or difference between any share of Common Stock, or any rights appertaining thereto, and any other share of Common Stock.
- 2. Cumulative Voting: At any elections of directors of the Corporation, each holder of shares of Common Stock shall be entitled to as many votes as shall equal the number of his shares of Common Stock multiplied by the number of directors to be elected and such stockholder may east all of such votes for a single director or may distribute them among the number to be voted for or any two or more of them, as such stockholder may see fit.
- 3. Preemptive Rights: No holder of Common Stock shall be entitled as such, as a matter of right, to subscribe for or purchase any part of any new or additional issue of stock of any class whatsoever or of securities convertible into stock of any class whatsoever whether now or hereafter authorized or whether issued for cash or other consideration, except as may hereafter be expressly granted and provided for by the Board of Directors in their absolute discretion.
- 4. Other Rights: Except for and subject to those rights expressly granted in Section A of this Article "Fourth" to the holders of the Preferred Stock, and except in respect to preemptive rights which are provided for in this Section B, or except as may be provided by the laws of the State of Delaware, the holders of the Common Stock shall have exclusively all other rights of stockholders, including, but not by way of limitation: (a) exclusive voting power for all purposes and exclusive rights to all notices of meetings or of any action to be taken by the Corporation or by its stockholders, (b) the right to receive dividends, when and as declared by the Board of Directors out of assets lawfully available therefor, and (c) in the event of any distribution of assets upon liquidation, dissolution or winding-up of the Corporation or otherwise, the right to receive ratably and equally all of the assets and funds of the Corporation remaining after the payment to the holders of other classes of stock of the Corporation of the specific amounts which they are entitled to receive upon such liquidation, dissolution or winding-up of the Corporation as hereinbefore provided.

...Shares

## Affiliated Gas Equipment, Inc.

Incorporated Under the Laws of Delaware

## \$3.00 CUMULATIVE PREFERRED STOCK

Į	full paid and non-assessable shares of the par value of Fifty Dollars each of the \$3.00 CUMULATIVE PREFERRED STOCK of
25	AFFILIATED GAS EQUIPMENT, INC.
Assista	(hereinafter called the "Corporation"), transferable on the books of the Corporation by said owner in person or by his duly authorized attorney, upon the aurrender of this certificate properly endorsed. Certain of the provisions of the Certificate of Incorporation of the Corporation, as amended, setting forth the designations, and the powers, preferences and relative participating, optional or other special rights of the shares of each class of stock which the Corporation is authorized to issue, and the qualifications, limitations or restrictions thereof, are printed on the reverse side hereof and by reference incorporated herein. This certificate and the shares represented hereby are issued and shall be held subject to the provisions of the Certificate of Incorporation, as amended, and to the By-Laws of the Corporation, copies of which are on file at the office of the Transfer Agent of the Corporation, and to which reference is hereby expressly made and to all of which the holder hereof by acceptance of this certificate hereby assents.
	This certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.  GAS EQUAL WITNESS the seal of the Corporation and the signatures of its duly authorized officers.
	Dated AFFILIATED GAS EQUIPMENT, INC.
	SEAL 1948 FLAWARE SEAL Chipw Sent by hylo Planny

THERE WAS ATTACHED HERETO AT THE TIME OF ISSUANCE, A NON-DETACHABLE COMMON STOCK PURCHASE WARRANT.

PROOF OF JANUARY 10, 1949

PORATION ARE

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## AFFILIATED GAS - ONE

#### A. PREFERRED STOCK

- Dividends: (a) Holders of Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors out of any funds of the Corporation at the time legally available for the payment of dividends, dividends at the rate of Three Dollars (\$3.00) per annum, payable quarterly on March 20, June 20, September 20 and December 20, in each year (hereinafter referred to as "quarterly dividend dates"), before any dividend shall be declared or paid upon or set apart for any other stock of the Corporation ranking junior to the Preferred Stock; and such dividends on the Preferred Stock shall be cumulative for the details of the stock of the corporation ranking funds. lative from and after the date of issue.
- (b) So long as any Preferred Stock shall remain outstanding, no dividends (other than dividends payable in stock the rights of the holders of which shall be subject or subordinate to the rights of the holders of the Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up) shall be paid upon, nor shall any distribution be made to, any class of stock ranking junior to the paid upon, nor shall any distribution be made to, any class of stock ranking junior to the Preferred Stock, nor shall any shares of any such junior class be purchased or otherwise acquired for valuable consideration by the Corporation or any subsidiary, nor shall any shares of any such class be redeemed by the Corporation, nor shall any moneys be paid or made available for any such purchase, acquisition or redemption of any shares of any such class of stock under any of the following circumstances:
- (i) If dividends in full on all outstanding shares of Preferred Stock for all past quarterly dividend periods and for the then current quarterly dividend period shall not have been paid or declared and set aside for payment; or
- (ii) If the Corporation shall have failed to set apart for, or apply to, the redemption or purchase of Preferred Stock all amounts, if any, then or theretofore required to be set apart or applied under any retirement or sinking fund provisions with respect to the Preferred Stock; or
- the Preferred Stock; or

  (iii) If the aggregate amount of payments for all dividends, distributions, purchases, acquisitions and redemptions as to any class of stock ranking junior to the Preferred Stock (including the payment to be then made, but excluding dividends payable in stock the rights of the holders of which shall be subject or subordinate to the rights of the holders of the Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up) made subsequent to February 1, 1949 shall exceed the sum of (a) Consolidated Nct Income from and after February 1, 1949, after deduction thereform of all dividends and all retirement or sinking fund requirements after February 1, 1949 on the Preferred Stock and on any class of stock ranking prior to or on a parity with the Preferred Stock (b) \$500,000 and (c) the aggregate net consideration received by the Corporation from the issue or sale, subsequent to February 15, 1949, of shares of any class of such junior stock; or

  (iv) If as of June 30 or December 31, as the case may be next preceding the date.
- stock; or

  (iv) If, as of June 30 or December 31, as the case may be, next preceding the date of payment for such dividend, distribution, purchase, acquisition or redemption, and after giving effect thereto and to all other such payments, distributions, purchases, acquisitions and redemptions paid since such next preceding June 30 or December 31, the sum of (a) the par or stated value of all the then outstanding shares of stock of the Corporation the rights of the holders of which shall be subject or subordinate to the rights of the holders of Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up and (b) the Consolidated Surplus, shall be less than 125% of the sum of (c) Consolidated Funded Debt and (d) the involuntary liquidation value of all then outstanding shares of Preferred Stock and of any class of stock ranking prior to or on a parity with the Preferred Stock.
- (c) If, at any time, the Corporation shall have failed to pay dividends in full on the Preferred Stock, thereafter and until dividends in full, including all accrued and unpaid dividends on the Preferred Stock outstanding, shall have been paid or declared and set apart for payment, neither the Corporation nor any subsidiary shall purchase any Preferred Stock except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of Preferred Stock, upon such terms as the Board of Directors, in their sole discretion, shall determine (which determination shall be final and conclusive).
- determination shall be final and conclusive).

  2. Liquidation: In the event of any liquidation, dissolution or winding-up of the Corporation, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for any other class or classes of stock ranking junior to the Preferred Stock, the Preferred Stock shall be entitled to payment at the rate of Fifty Dollars (\$50) a share, plus an amount equivalent to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to the holders of the Preferred Stock, and, in addition thereto, if such liquidation, dissolution or winding-up be voluntary, an amount equivalent to the premium per share of Preferred Stock that would then be payable, if the Preferred Stock were then redeemed pursuant to the provisions of Paragraph 3 of Section A hereof. If, upon any such dissolution, liquidation or winding-up, the assets of the Corporation distributable among the holders of the Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid, then such assets or the proceeds thereof, shall be distributed among the holders of the Preferred Stock ratably in accordance with the sums which would be payable on such distribution, if all sums payable were discharged in full. The voluntary sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation for the purposes of this Paragraph 2, but the merger or consolidation of the Corporation into or with any other corporation, or the merger of any other corporation into it, shall not be deemed to be a dissolution, liquidation or winding-up, voluntary or involuntary, for the purposes of this Paragraph 2.
- 3. Redemption: (a) The Preferred Stock may be redeemed at any time or from time to time at the option of the Board of Directors expressed by resolution, in whole or in

### AFFILIATED GAS - TWO

part (except as herein otherwise expressly provided), by lot or pro rata (to the nearest full share) in the case of any partial redemption, upon at least thirty (30) days prior notice given by mail to the holders of record of the shares of Preferred Stock to be redeemed and otherwise given in such manner as may be prescribed by resolution of the Board of Directors; provided, however, that the accidental failure to mail any such notice to one or more of such holders shall not affect the validity of such redeemption as to the other holders. Such notice by mail shall be deemed to have been duly given to any holder of the Preferred Stock within the meaning of the foregoing provision when the same shall have been deposited in the United States mails, addressed to such holder at his last known address as it appears upon the books of the Corporation, because prepaid. In case of any such redemption, the Corporation shall also publish once, not less than thirty (30) days prior to the redemption date, in two newspapers both printed in the English language and customarily published on each business day, one of general circulation in the Borouch part (except as herein otherwise expressly provided), by lot or pro rata (to the nearest days prior to the redemption date, in two newspapers both printed in the English language and customarily published on each business day, one of general circulation in the Borough of Manhattan, City and State of New York, and the other of general circulation in the City of Cleveland and State of Ohio, publication to be made in each case on a business day, notice of such redemption setting forth the redemption date and the aggregate number of the shares to be redeemed (but not the specific shares or the certificates affected by such redemption) and stating that information as to the specific shares to be redeemed and the other terms and provisions of such redemption may, upon inquiry, be obtained at the office of the Corporation in the City of Cleveland, Ohio, or at the office of the Transfer Agent for said shares in the Borough of Manhattan, City of New York (the addresses of which shall be stated in said notice), but the accidental failure to publish such notice as herein provided shall not affect the validity of such redemption.

- (b) The price per share payable upon the redemption of the Preferred Stock, over and above the par value thereof and any dividends accrued thereon, shall be Three Dollars (\$3.00) per share, if redeemed on or before January 15, 1953; Two Dollars and Twenty-five Cents (\$2.25) per share, if redeemed thereafter and on or before January 15, 1958; and One Dollar and Twenty-five Cents (\$1.25) per share, if redeemed thereafter.
- (c) Notice having been given as aforesaid, from and after the date fixed in any such notice as the date of redemption, unless default shall be made by the Corporation in providing money for the payment of the redemption price, all dividends on the shares of Preferred Stock so called for redemption shall cease to accrue and all rights of the holders of said shares, by virtue of their ownership thereof, except the right to receive the redemption price thereof, shall cease and determine; provided, however, that if the Corporation shall deposit with a bank, private banker, or trust company (which shall have an office in Cleveland, Ohio, or New York City and a capital and surplus of at least \$5,000,000 a sum sufficient for the redemption of all shares of Preferred Stock to be redeemed, in trust for the benefit of the holders thereof, and irrevocably authorize and direct said bank, private banker, or trust company to give and publish notice of redemption of said shares for and in the namer of the Corporation in the manner hereinabove provided, from and after the date of such deposit, all rights of the holders of the shares of Preferred Stock so called for redemption, by virtue of their ownership of said shares, except the right to receive the redemption price thereof, shall cease and determine. The holders of such Preferred Stock shall not be entitled to any interest allowed by such depositary on funds so deposited, but any such interest shall be paid to the Corporation. (c) Notice having been given as aforesaid, from and after the date fixed in any such
- (d) Any shares of Preferred Stock which shall at any time have been redeemed, or which shall at any time have been surrendered for cancellation pursuant to the retirement or sinking fund provisions with respect to the Preferred Stock, shall be permanently retired and cancelled and shall under no circumstances be reissued.
- 4. Sinking Fund: The Preferred Stock shall be subject to the operation of an annual sinking fund as follows:
- sinking fund as follows:

  (a) On or before the one hundred and twentieth day following the close of each fiscal year of the Corporation, commencing with the fiscal year ending in 1949, the Corporation shall retire, through purchase, redemption or otherwise, shares of Preferred Stock of a par value equivalent to three and one-third percentum (315 %) of the aggregate par value of the total number of shares of Preferred Stock issued prior to the close of the next preceding fiscal year, plus all sinking fund arrearages, if any. Shares of Preferred Stock so retired shall be cancelled and shall not be reissued. If more than the number of shares of Preferred Stock required to be retired on or before any such date as aforesaid shall be retired prior to such date, the excess or any portion thereof may be credited against any sinking fund arrearage, or, if there be no sinking fund arrearage, against the amount to be retired on or before any suscequent such date.

  An opinion of any firm of independent public accountants of recognized standing (which may be the firm which regularly examines the financial statements of the Corporation), selected by the Board of Directors of the Corporation, as to the amount required to be set aside on any such one hundred and twentieth day, shall be conclusive evidence thereof.

- (b) Preferred Stock to be redeemed by the Corporation for sinking fund purposes shall be redeemed in the manner provided in Paragraph 3 of Section Λ of this Article FOURTH, provided, however, that the price per share payable upon the redemption of the Preferred Stock for the parpose of said annual sisking fund, over and above the par value thereof and any dividends accrued thereon, shall be One Dollar and Seventy-Five Cents (\$1.75) per share, if redeemed on or before January 15, 1953; One Dollar and Fifty Cents (\$1.50) per share, if redeemed thereafter and on or before January 15, 1958; and One Dollar and Twenty-Five Cents (\$1.25) per share, if redeemed thereafter and one per share.
- 5. Voting Rights: (a) The holders of the Common Stock, with one vote for each share, shall have exclusive voting power for all purposes and the holders of the Preferred Stock shall have no voting rights whatsoever and shall not be entitled to notice of any meeting or of any action to be taken by the Corporation or by its stockholders, except as required by law and except as hereinafter in this Paragraph 5 provided.

## AFFILIATED GAS - THREE

(b) (i) Whenever, at any time or times, dividends payable on the Preferred Stock shall have been in airrears and unpaid in an aggregate amount equal to or exceeding the amount of dividends payable thereon for one year, then the holders of the Preferred Stock shall have with respect to the election of directors, the exclusive right, voting separately as a class, to elect one-third of the total number of directors of the Corporation (or, if such total number of directors be not evenly divisible by three, then the next highest number above one-third but in no event less than two such directors) and the remaining directors shall be elected by the other class or classes of stock entitled to vote therefor, at each meeting of stockholders held for the purpose of electing directors, until such time as all dividends accumulated on the Preferred Stock shall have been paid in full, at which time the special right of the holders of Preferred Stock so to vote separately as a class on the election of directors shall terminate, subject to revesting in the event of each and every other subsequent default of the character indicated above.

(ii) At any time after such special voting power shall have vested in the holders of

default of the character indicated above.

(ii) At any time after such special voting power shall have vested in the holders of Preferred Stock and before the next regular meeting of the Corporation for the election of directors, a proper officer of the Corporation shall, upon the written request of the holders of record of at least ten percentum (10%) of the shares of Preferred Stock then outstanding, call a special meeting of the holders of Preferred Stock and of any other class or classes of stock then having voting power with respect thereto, for the purpose of electing directors. Such meeting shall be held at the earliest practical date at the place for the holding of the annual meeting of the stockholders of the Corporation and shall be called upon the notice required for annual meetings of stockholders. If such meeting shall not be called by the proper officer of the Corporation within twenty days after mailing the same within the United States of America by registered mail addressed to such Secretary at the principal office of the Corporation, then the holders of record of at least ten percentum (10%) of the shares of the Preferred Stock then outstanding, may designate in writing one of their number to call such meeting and such meeting may be called by such person so designated upon the notice required for annual meetings of stockholders of the Corporation. Any holder of Preferred Stock so designated shall have access to the stock books of the Corporation for the purpose of causing a meeting of stockholders to be called pursuant to these provisions.

(iii) At any meeting so called, and at any other meeting of stockholders held for the purpose of electing directors at which the Preferred Stock shall have the special right, voting separately as a class, to elect directors as aforesaid, the presence in person or by proxy of the holders of at least one-third of the shares of Preferred Stock then outstanding shall constitute a quorum of such class for the election of directors by the Preferred Stock as a class.

Preferred Stock as a class.

(iv) At any such meeting or adjournment thereof, (a) the absence of a quorum of the holders of the Preferred Stock shall not prevent the election of the directors to be elected by the holders of stock other than the Preferred Stock, and the absence of a quorum of holders of stock other than the Preferred Stock shall not prevent the election of the directors to be elected by the holders of the Preferred Stock, and (b) in the absence of such quorum either of the holders of the Preferred Stock, and (b) in the absence of such quorum either of the holders of the Preferred Stock or of stock other than the Preferred Stock, or both, a majority of the holders, present in person or by proxy, of the stock, or stocks which lack a quorum shall have power to adjourn the meeting for the election of the directors which they are entitled to elect, from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(v) The term of office of all directors in office at any time when special voting power shall, as aforesaid, have become vested in the holders of the Preferred Stock shall terminate upon the election of any new directors at any meeting of stockholders called for the purpose of electing directors. Upon any termination of the special voting power right of the holders of the Preferred Stock to vote for directors as herein provided, the term of office of all directors then in office who may have been elected by vote of the holders of the shares of Preferred Stock voting as a class, pursuant to such special right, shall terminate and the resulting vacancies shall be filled by the vote of a majority of the remaining directors.

(c) So long as any Preferred Stock shall be outstanding, the Corporation shall not, without the allirmative vote, at a meeting, of the holders of at least two-thirds of the shares of the Preferred Stock then outstanding, do any of the following things:

(i) Create any other class of stock which shall rank prior to the Preferred Stock or increase the authorized number of shares of any such other class of stock;

(ii) Change, alter, amend, or repeal in any manner the express terms and provisions hereof applicable to the Preferred Stock; or

(iii) Authorize any reclassification of the Preferred Stock or a liquidation, dissolution or winding-up of the Corporation, or a consolidation or merger of the Corporation, or a disposal by sale, exchange, lease, or in any other manner of all or substantially all of the property and assets of the Corporation;

all of the property and assets of the Corporation; provided, however, that the provisions of clause (iii) of this subparagraph (c) shall not apply to, nor shall it operate to prevent, a consolidation or merger of the Corporation with another corporation, if (a) after the consummation of such consolidation or merger, (i) the resulting or surviving corporation (which may be this Corporation or another corporation) will have, after such merger or consolidation, no stock either authorized or outstanding ranking prior to or on a parity with the Preferred Stock or other stock issued in substitution or exchange therefor, except the same or a lesser number of shares of stock, with the same terms and provisions, as the stock or stocks of this Corporation ranking prior to or on a parity with the Preferred Stock authorized and outstanding immediately prior to such merger or consolidation, and (ii) each holder of shares of Preferred Stock immediately prior to such merger or consolidation shall retain or receive the same number of shares of the resulting or surviving corporation having the same terms and provisions as the shares of Preferred Stock held by such holder, and (iii) the resulting or surviving corporation and its subsidiaries do not have outstanding, immediately after such merger or consolidation, Funded Debt, preferred stock or common stock

## AFFILIATED GAS - FOUR

in an aggregate amount greater than is then permitted under the provisions of sub-paragraph (e) below and (b) none of the assets of the Corporation shall be distributed in connection with such consolidation or merger.

- (d) The Corporation shall not, without the affirmative vote, at a meeting, of the holders of at least a majority in amount of the Preferred Stock then outstanding, create any class of stock which shall rank on a parity with the Preferred Stock, or increase the authorized number of shares of any such class of stock or of the Preferred Stock.
- (e) So long as any of the Preferred Stock remains outstanding, the Corporation, without the allirmative vote, at a meeting, of the holders of at least two-thirds of the shares of Preferred Stock of all series then outstanding, shall not do any of the following things:
- (i) Create, incur, issue, assume or guarantee, or permit any subsidiary to create, incur, issue, assume or guarantee, any Funded Debt, except in connection with the renewal or extension of Funded Debt in amount not exceeding the principal amount of Funded Debt so renewed or extended, and, in the case of subsidiaries, except Funded Debt to the Corporation or a wholly-owned subsidiary; or
- (ii) Permit any subsidiary to issue any preferred shares except to the Corporation or to a wholly-owned subsidiary, or to issue any common shares, unless the Corporation or its wholly-owned subsidiaries, if any, or both, shall acquire sufficient thereof so that the proportion of such common shares thereafter outstanding owned by the Corporation or such subsidiaries, if any, or both, shall not be less than the proportion of common shares theretofore outstanding owned by the Corporation or its subsidiaries, if any, or both or both or both or
- (iii) Issue any shares of Preferred Stock or of any class of stock ranking prior to or on a parity with the Preferred Stock; or
- (iv) Sell or otherwise dispose of, or permit any subsidiary to sell or otherwise dispose of, except to the Corporation or a subsidiary, any Funded Debt or shares of stock of a subsidiary unless (a) all Funded Debt and shares of stock of such subsidiary then owned by the Corporation and its subsidiaries shall be disposed of simultaneously therewith and (b) immediately prior to such disposal such subsidiary shall not have owned any Funded Debt or shares of stock of the Corporation or its subsidiaries;

unless, as of June 30, or December 31, as the case may be, next preceding the date of such issuance, creation, incurrence, assumption, guarantee, sale or other disposition, and after giving effect thereto and to any other such issuance, creation, incurrence, assumption, guarantee, sale or other disposition, occurring since such next preceding June 30, or December 31, the sum of (a) the par or stated value of all the then outstanding shares of stock of the Corporation the rights of the holders of which shall be subject or subordinate to the rights of the holders of Preferred Stock both in respect of the receipt of dividends and amounts distributable upon liquidation, dissolution or winding-up and (b) the Consolidated Surplus shall be at least 125% of the sum of (c) Consolidated Funded Debt and (d) the involuntary liquidation value of all then outstanding shares of Preferred Stock and of any class of stock ranking prior to or on a parity with the Preferred

- 6. Preemptive Rights: No holder of Preferred Stock of the Corporation shall have any preemptive or preferential right of subscription or purchase to any shares of any class of stock of the Corporation, whether now or hereafter authorized, or to any obligation convertible into stock of the Corporation issued or sold, or any right of subscription therefor, other than such, if any, as the Board of Directors, in its absolute discretion may, from time to time, determine, and at such price or prices as the Board of Directors may from time to time fix.
- 7. Reimbursement of Pennsylvania Personal Property Taxes: (a) The Corporation will reimburse any holder of one or more shares of Preferred Stock, who may be a resident of the Commonwealth of Pennsylvania, for payment by such holder of all personal property or similar taxes however designated (other than succession or inheritance taxes), assessed or imposed under any present or future law of the Commonwealth of Pennsylvania, or of any county, municipality or other political subdivision thereof, upon or in relation to any such shares, or upon such holder or said resident by reason of his ownership thereof, or by reason of the inclusion of such shares among the monies and credits or other personal property of such resident holder, provided, nevertheless, that the Corporation shall not be obligated to reimburse such holder for an amount in any year in excess of eight (8) mills upon each dollar of the taxable value of such shares, in respect of which such personal property or similar taxes were paid and reimbursement requested.
- (b) The obligation of the Corporation hereunder to reimburse any such holder for any such taxes is conditional, however, upon written request for such reimbursement being made to the Corporation by such holder within sixty (60) days from the date of the payment of such taxes, accompanied by an affidavit of such holder as to payment by him of such tax, together with a statement of the amount thereof. Such affidavit shall state the certificate number or numbers of the share or shares of such Preferred Stock, the fact of ownership, the residence of the affiant at the time such tax was assessed against him, the period of time covered by the assessment and payment, and the fact that such tax was duly and validly assessed upon and paid by the affiant as the resident owner of said share or shares of such stock. The Corporation shall not be liable to reimburse any holder of such Preferred Stock for any such taxes unless any such request or affidavit be filed by him within the period named, and shall not in any event he liable to reimburse any holder of Preferred Stock for any interest or penalty assessed by or paid by him in addition to such taxes as originally assessed.
- 8. Definitions: For the purposes of this Article "Fourth", the following terms shall have the meanings set forth below:
- (a) The term "subsidiary" shall mean (i) any corporation the greater portion of the business of which is transacted, or the greater portion of the assets of which is located,

#### AFFILIATED GAS - FIVE

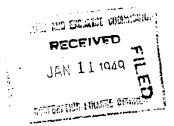
within the territorial limits of the United States of America (including Alaska but not including any other territorial possessions) or within the territorial limits of the Dominion of Canada, and of which the Corporation, directly or indirectly, owns or controls such number of shares of outstanding stock as at the time shall have by the terms thereof ordinary voting power to elect a majority of the Board of Directors of such corporation, Irrespective of whether or not at the time stock of any other class or classes of such corporation shall or might have voting power by reason of the happening of any contingency, and (ii) any corporation of which such number of shares of outstanding stock of the character described in the foregoing clause (i) shall at the time be owned or controlled, directly or indirectly, by the Corporation and any subsidiary as defined in the foregoing clause (i) or by one or more such subsidiaries;

- (b) The term "wholly-owned subsidiary" shall mean (i) any subsidiary of which the Corporation, directly or indirectly, owns or controls at the time all of the outstanding stock, except directors' qualifying shares, and (ii) any subsidiary of which all of the outstanding stock, except directors' qualifying shares, shall at the time be owned or controlled, directly or indirectly, by the Corporation and any wholly-owned subsidiaries as defined in the foregoing clause (i) or by one or more such wholly-owned subsidiaries;
- (c) The term "Consolidated Balance Sheet" shall mean the balance sheet of the Corporation or a consolidated balance sheet of the Corporation and its subsidiaries, if any, prepared in accordance with generally accepted principles of accounting, except that, at the option of the Corporation, there need not be consolidated any subsidiary which is not required to be consolidated in accordance with generally accepted principles of accounting;
- (d) The term "Consolidated Net Income" shall mean the balance remaining applicable to the Corporation after deducting from carnings and other income and profits of the Corporation or consolidated earnings and other income and profits of the Corporation and its subsidiaries, if any, all expenses and charges of every proper character, all as determined from time to time in accordance with generally accepted principles of accounting; provided that, there shall not be included in any such determination any profits or losses of any subsidiary which would not be required, in accordance with generally accepted principles of accounting, to be consolidated in a Consolidated Balance Sheet prepared as of the date of such determination.
- (e) The term "Funded Debt" shall mean all indebtedness, direct or guaranteed, other than indebtedness incurred in the ordinary course of business and maturing by its terms within twelve months from the date of incurring the same; except that there shall not be included in Funded Debt any indebtedness for the payment or redemption of which at maturity or on a redemption date suns shall have been deposited in trust;
- (f) The term "Consolidated Funded Debt" shall mean the sum of (i) all Funded Debt of the Corporation and its subsidiaries, if any, after eliminating all intercompany items, plus (ii) the amount payable on involuntary liquidation with respect to preferred shares of subsidiaries, if any, not owned by the Corporation or other subsidiaries, if any, and (iii) the proportion of net assets applicable to minority interests evidenced by common shares in subsidiaries, if any, all as computed from a Consolidated Balance Sheet and as determined in accordance with generally accepted principles of accounting;
- (g) The term "Consolidated Surplus" shall mean the sum of earned surplus and paid-in capital surplus of the Corporation and its subsidiaries, if any, as determined from a balance sheet of the Corporation, or if the Corporation shall have subsidiaries, then from a Consolidated Balance Sheet in accordance with generally accepted principles of accounting;
- (h) The term "outstanding", when used in reference to shares of stock, shall mean issued shares, excluding shares held by the Corporation or a subsidiary;
- (i) The amount of dividends "accrued" on any share of Preferred Stock as at any quarterly dividend date shall be deemed to be the amount of any unpaid dividends accumulated thereon to and including such quarterly dividend date, whether or not earned or declared, and the amount of dividends "accrued" on any share of Preferred Stock as at any date other than a quarterly dividend date shall be calculated as the amount of any unpaid dividends accumulated thereon to and including the last preceding quarterly dividend date, whether or not earned or declared, plus an amount equivalent to interest on the par value of such share at the annual dividend rate for the period after such last preceding quarterly dividend date to and including the date as of which the calculation is made;
  - (j) Any class or classes of stock of the Corporation shall be deemed to rank
  - (i) Prior to the Preferred Stock if the holders of such class or classes shall be entitled in respect of dividends or upon liquidation, dissolution or winding-up to receive amounts in preference or priority to the holders of the Preferred Stock;
  - (ii) On a parity with the Preferred Stock (whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share thereof be different from those of the Preferred Stock) if the holders of such class or classes of stock shall be entitled in respect of dividend or upon liquidation, dissolution or winding-up to receive amounts in proportion to their respective dividend rates or liquidation prices without preference or priority one over the other with respect to the holders of the Preferred Stock;
  - (iii) Junior to the Preferred Stock if the rights of the holders of such class or classes shall be subject or subordinate to the rights of the holders of the Preferred Stock in respect of the receipt of dividends or amounts distributable upon liquidation, dissolution or winding up.
- (k) The term "Corporation" when used to refer to the Corporation incorporated under this Certificate of Incorporation, shall mean Allliated Gas Equipment, Inc., a Delaware corporation, or any successor corporation.

## AFFILIATED GAS - SIX

## B. COMMON STOCK

- 1. Equal Rights: Each share of Common Stock issued or to be issued under the provisions of this Article "Fourth" shall be equal in all respects, one with the other, and no dividend shall be paid on any shares of Common Stock unless the same dividend is paid on all shares of Common Stock outstanding at the time of such payment, and there shall be no distinction or difference between any share of Common Stock, or any rights appertaining thereto, and any other share of Common Stock.
- 2. Cumulative Voting: At any elections of directors of the Corporation, each holder of shares of Common Stock shall be entitled to as many votes as shall equal the number of his shares of Common Stock multiplied by the number of directors to be elected and such stockholder may cast all of such votes for a single director or may distribute them among the number to be voted for or any two or more of them, as such stockholder may see fit.
- 3. Proemptive Rights: No holder of Common Stock shall be entitled as such, as a matter of right, to subscribe for or purchase any part of any new or additional issue of stock of any class whatsoever or of securities convertible into stock of any class whatsoever whether now or hereafter authorized or whether issued for cash or other consideration, except as may hereafter be expressly granted and provided for by the Board of Directors in their absolute discretion.
- 4. Other Rights: Except for and subject to those rights expressly granted in Section A of this Article "Fourth" to the holders of the Preferred Stock, and except in respect to preemptive rights which are provided for in this Section B, or except as may be provided by the laws of the State of Delaware, the holders of the Common Stock shall have exclusively all other rights of stockholders, including, but not by way of limitation: (a) exclusive voting power for all purposes and exclusive rights to all notices of meetings or of any action to be taken by the Corporation or by its stockholders, (b) the right to receive dividends, when and as declared by the Board of Directors out of assets lawfully available therefor, and (c) in the event of any distribution of assets upon liquidation, dissolution or winding-up of the Corporation or otherwise, the right to receive ratably and equally all of the assets and funds of the Corporation remaining after the payment to the holders of other classes of stock of the Corporation of the specific amounts which they are entitled to receive upon such liquidation, dissolution or winding-up of the Corporation as hereinbefore provided.



# Affiliated Gas Equipment, Inc.

No.

## COMMON STOCK PURCHASE WARRANT (NON-DETACHABLE)

THIS CERTIFIES that, for value received, subject to the terms, conditions and provisions bereof, the holder bereof (as defined on the reverse side of this Warrant), upon due exercise of this Warrant, is entitled to subscribe for, purchase and receive from AFFILIATED GAS EQUIPMENT, INC. (herein called the "Corporation"), one full paid and non-assessable share of the Corporation, having a par value of \$1.00 per share, for each share of \$3.00 cumulative Preferred Stock of the Corporation, having a par value of \$3.00 per share, for each share of \$3.00 cumulative Preferred Stock cartificate"), at the price of \$11.25 per share (herein conferred to as the "Preferred Stock certificate"), at the price of \$11.25 per share (herein called the Purchase Price") for each share of Common Stock so subscribed for and purchased, at any time on or prior to the date of redemption of the shares of \$3.00 cumulative Preferred Stock received, at the principal office of The New York Trace Company, New York 15, N. Y., Warrant Agent of the Corporation. Upon the happening of certain events specified on the reverse side hereof, the number of shares of Common Stock receivebbe upon the exercise of Warrant is subject to modification and adjustments; provided, however, that, as more particularly set forth on the reverse side hereof, the Corporation shall not be required to issue any fractional shares of Common Stock in connection with the exercise of this Warrant.

This Warrant is exercisable in whole and not in part.

This Warrant shall expire and become void and of no effect, and all rights hereunder shall cease, after January 15, 1954 or upon acquisition by the Carporation, whether through redemptor otherwise, of the shares of \$1.00 Cumulative Preferred Stock represented by the attached Preferred Stock certificate hearing the same identifying number as this Warrant.

This Warrant shall be wholly null and void if detached from or transferred separate or apart from the attached Preferred Stock certificate and this Warrant may not be subdivided moined except as corresponding stock certificates are subdivided or combined.

The covenants, conditions, rights, limitations and other provisions stated on the reverse side of this Warrant constitute a part of this Warrant. This Warrant and all rights and options hereunder are issued and shall be held subject to all the terms, conditions, limitations and provisions set forth on the reverse side hereof, to all of which the holder and every transferse hereof by acceptance hereof assents. The Corporation and said warrant Agent and the Transfer Agent for the stock of the Corporation shall be entitled to treat the person in whose name the attached Preferred Stock is registered as the owner and holder of this Warrant Agent for all purposes. This Warrant is not valid until the Preferred Stock certificate to which this Warrant is attached shall have been countersigned by the Transfer Agent and registered by the Registrar of the Preferred Stock.

IN WITNESS WHEREOF, the Corporation has caused this Warrant to be authenticated by the facsimile signatures of its President and Secretary, day of the date of the attached Preferred Stock certificate.

AFFILIATED GAS EQUIPMENT, INC.

PROOF OF JANUARY 10,

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RESOLVED, that this Corporation create an issue of Warrants evidencing options to purchase an aggregate of 40,000 shares of its Common Stock of the par value of \$1 per share, which Warrants shall be attached to the certificates representing shares of \$3.00 Cumulative Preferred Stock (hereinafter referred to as the "Preferred Stock") and which shall be as hereinafter described and shall be exercisable in accordance with the following conditions and not otherwise:

- (1) The Warrants shall be dated as of January 1, 1949, and the right to purchase shares thereunder shall expire at the close of business on January 15, 1951, unless before the close of business on such latter date such Warrants shall be exercised as in the following paragraph provided. The Warrants shall each entitle the person in whose name the Preferred Stock Certificate to which the Warrant is attached shall at the time be registered upon the books of the Transfer Agent for the Preferred Stock of the Corporation (hereinafter referred to as the "Holder"), to purchase, on the terms and conditions hereinafter expressed, the number of shares of the Common Stock of the Corporation of the par value of \$1 per share, full-paid and non-assessable, equal to the number of shares represented by the attached Preferred Stock certificate at the purchase price of \$11.25 per share.
- (2) In exercising the Warrant, the Holder thereof shall execute the (2) In exercising the Warrant, the Holder thereof shall execute the form of subscription appearing thereor, and shall deliver and surrender the Warrant at the principal office of the Warrant Agent of the Corporation in the City of New York, N. Y. (together with the attached Preferred Stock certificate and the purchase price). Thereupon said Warrant Agent shall deliver a Preferred Stock certificate (without Warrant attached) for a like number of shares to or upon the order of the registered holder of the attached Preferred Stock certificate. Issuance and delivery of the shares of stock deliverable on the due exercise of the Warrant was the retread with the Corporation and its Transform ance and delivery of the shares of stock deliverable on the due exercise of the Warrant may be postponed by the Corporation and its Transfer Agent during any period, not exceeding forty days, in which the transfer books of the Corporation for such stock are closed or between (i) the record date set by the Board of Directors for the determination of holders of such stock entitled to vote at or to receive notice of any stockholders' meeting or entitled to receive payment of any dividends or to any allotment of rights or to exercise rights with respect to any change, conversion or exchange of capital stock and (ii) the date of such meeting of stockholders, the date for the payment of such dividends, the date for such allotment of rights, or the date when any such change or conversion or exchange of capital stock shall go into effect, as the case may be.
- (3) In case the Corporation shall, at any time prior to the expiration (3) In case the Corporation shall, at any time prior to the expiration of the Warrants and prior to the exercise thereof, declare or pay to the holders of Common Stock a dividend payable in any kind of shares of stock of the Corporation, the holder of, a Warrant who thereafter exercises the same as herein provided shall be entitled to receive for the purchase price per share of Common Stock stated in the Warrant Certificate, in addition to one share of Common Stock, such fraction of a share or additional share or shares of stock as such Warrant holder would have received in the form of such dividend if he had been the holder of record of such share of Common Stock on the record date for the determination of Common stockholders entitled to receive such the determination of Common stockholders entitled to receive such
- (4) In case the Corporation shall, at any time prior to the expiration (4) In case the Corporation shall, at any time prior to the expiration of the Warrants and prior to the exercise thereof, change or divide its Common Stock into the same or a different number of shares with or without par value or into shares of any other class or classes (hereinafter sometimes called new stock), the Holder of a Warrant who thereafter exercises the same as herein provided shall be entitled to receive for the purchase price per share of Common Stock stated in the Warrant Certificate, in substitution for the share of Common Stock to which he would have been entitled upon such exercise but for such change or changes, a number of shares of the new stock equal to the number that would have been issued in exchange for one share of Common Stock which he would have been entitled to receive if such exercise had been effected prior to any change of Common Stock into new stock.
- (5) In case the Corporation shall, at any time prior to the expiration of the Warrants and prior to the exercise thereof, consolidate or merge with, or shall transfer its property as an entirety to, or substantially as an entirety to any other corporation, the Holder of a Warrant who as an entirety to any other corporation, the Holder of a Warrant who thereafter exercises the same as herein provided shall be entitled to receive for the purchase price per share of Common Stock stated in the Warrant Certificate, the number of shares of stock or other securities or property of the Corporation, or of the corporation resulting from such consolidation or merger or transfer to which the share of Common Stock deliverable upon exercise of the Warrant would have been entitled, upon such consolidation or merger, had the Holder of such Warrant exercised his right to purchase, and said share of Common Stock had been issued and outstanding, and had such Holder been the holder of record of such share of Common Stock at the time of such holder of record of such share of Common Stock at the time of such consolidation or merger.
- (6) In case the Corporation shall, at an time prior to the expiration of the Warrants and prior to the exercise thereof, make any distribution of its assets to holders of its Common Stock as a liquidation or partial liquidation dividend or by way of return of capital, or other than as a dividend payable out of earnings or any surplus legally available for dividends under the laws of the State of Delaware, then the Holder of a Warrant who thereafter exercises the same as herein provided after the date of record for the determination of those holders of Common Stock entitled to such distribution of assets, shall be entitled

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AFFILIATED G EQUIPMENT, INC

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GAS

EQUIPMENT, INC

## AFFILIATED GAS WARRANT-Galley Two

to receive for the purchase price per share of Common Stock stated in the Warrant Certificate, in addition to one share of Common Stock, the amount of such assets (or at the option of the Corporation a sum equal to the value thereof at the time of such distribution to holders of Common Stock as such value is determined by the Board of Directors of the Corporation in good faith) which would have been payable to such holder had he been the holder of record of such share of Common Stock receivable upon the exercise of such Warrant on the record date for the determination of those entitled to such distribution.

- (7) If, at any time prior to the expiration of the Warrants and prior to the exercise thereof, any of the following events shall occur which would affect the purchase rights under said Warrants:
  - (a) The Corporation shall declare any dividend payable in stock upon its Common Stock or make any distribution (other than a cash dividend) to the holders of its Common Stock; or
  - (b) The Corporation shall offer to the holders of its Common Stock any additional shares of stock of the Corporation or any rights to subscribe thereto; or
- (c) Any capital reorganization, or reclassification of the Capital Stock of the Corporation, or consolidation or merger of the Corporation with another corporation, or transfer of all or substantially all of the property of the Corporation shall be proposed; or
- (d) A dissolution, liquidation or winding-up of the Corporation shall be proposed;

then, in any one or more of said events, the Corporation shall cause written notice of such event to be given to the Holders of the Warrants by mailing such notice to the Holders at their respective addresses as the same shall appear upon the books of the Transfer Agent for the Preferred Stock at least fifteen (15) days prior to the date on which (1) the books of the Corporation shall close, or a record be taken for the determination of holders of Common Stock entitled to such dividend distribution or subscription rights, or (ii) such reclassification, reorganization, consolidation, merger, transfer, dissolution, liquidation or winding-up shall be consummated, as the case may be. Such notices shall specify the record date for the determination of holders of Common Stock entitled to participate in such dividend distribution or subscription rights or entitled to exchange their Common Stock for securities, or other property, deliverable upon such reclassification, reorganization, consolidation, merger, transfer; dissolution, liquidation or winding-up as the case may be.

- (8) In case of the dissolution, liquidation or winding-up of the Corporation all purchase rights under the Warrants shall terminate on a date fixed by the Corporation, such date so fixed to be not earlier than the date of the commencement of the proceedings for such dissolution, liquidation or winding-up and not later than thirty (30) days after such commencement date. In any such case of termination of purchase rights, the Corporation shall give written notice of such termination date to each Holder of any Warrants by mailing such notice at least thirty (30) days prior to such termination date addressed to such Holder at the latest address for such Holder as the same shall appear upon the books of the Transfer Agent for the Preferred Stock.
- (9) In the event of the redemption, through operation of the sinking fund or otherwise, by the Corporation of any of the shares of Preferred Stock represented by the attached Preferred Stock certificate, this Warrant, if not previously exercised, shall become void and cease to have any effect after the date fixed for redemption of such shares of Preferred Stock and shall be surrendered to the Corporation and canceled, provided, however, that if less than all the shares of Preferred Stock represented by the attached Preferred Stock certificate shall be entitled, upon receipt of a new Preferred Stock certificate representing the shares of Preferred Stock not so redeemed, to a new Warrant to be attached to such new Preferred Stock certificate. In the event of the purchase by the Corporation of the shares of the Preferred Stock represented by the attached Preferred Stock certificate (by the use of moneys in the sinking fund mentioned on the reverse side of the Preferred Stock certificate or by the use of any other funds), this Warrant, if not previously exercised, shall be surrendered to the Corporation and canceled and the holder hereof shall not be entitled to receive any other Warrant in lieu thereof.
- (10) No right herein given to the Holders of the Warrants shall exist after January 15, 1954 after which date the Warrant shall become null and void provided that any scrip certificate issued pursuant to the next succeeding paragraph hereof shall be valid for the purposes therein specified for one year from the date of the issuance of such scrip certificate.
- (11) Anything contained in the Warrant to the contrary notwithstanding, the Corporation shall not be required to issue any fractional shares of Common Stock or of any other stock in connection with the exercise of the Warrant or any of the Warrants, but in any case where the Holder hereof would, except for the provisions of this paragraph (11) be entitled, under the terms hereof, to receive a fractional share of stock upon the exercise of the Warrant, the Corporation shall, upon the exercise of the Warrant issue certificates of Common Stock for the largest number of full shares then called for thereby and a scrip certificate with respect to the fraction of a share purchased upon the exercise of the Warrant, which scrip certificate shall be in bearer form. Such scrip certificate may be combined with other similar scrip certificates so as to aggregate one or more whole shares of Common Stock (or of other stock substituted therefor as hereinbefore provided) and, as

## AFFILIATED GAS WARRANT-Cailey Three

so combined, may be surrendered on or before the 31st day of December of the second calendar year following the calendar year in which the date of issue of the scrip certificate by the Corporation or its agent, but not thereafter, in exchange for a certificate or certificates representing the whole number of full paid, and non-assessable shares of Common Stock or such other stock so aggregated and a new scrip certificate for the remaining fraction of a share (if any). Holders of scrip certificates, as such, will not be entitled to receive dividends or to exercise any of the rights of holders of shares of stock. shares of stock.

to receive dividends or to exercise any of the rights of holders of shares of stock.

On January 2 of the third year following the calendar year in which the date of issue of this serip certificate occurs, or as soon thereafter as practicable, the Transfer Agent for the serip will sell for eash on any Stock Exchange on which such Common Stock of the Corporation may be listed (or, if such Common Stock is not then listed on any Exchange, then as in such other manner as it may determine) the number of shares of Common Stock of the Corporation in respect of which the then outstanding scrip certificates issued in any one calendar year were issued; and thereafter, but not until the completion of said saie, the bearer of such scrip certificate, upon surrender of his certificate for cancellation to the Transfer Agent will be entitled to receive (without interest) his proportionate share of the proceeds of such sale at any time up to and including the 31st day of December of the sixth calendar year following the calendar year in which the date of issue occurs. After the 31st day of December of such sixth calendar year, the Transfer Agent shall pay over to the Corporation, for use in its general tunds, any amounts not claimed by the holders of scrip certificates expiring on such date.

The Holder of the Warrant by the acceptance of the Warrant shall expressly waive his right to receive any fractional share of stock or fractional Warrant upon exercise thereof.

- (12) The owner or Holder of the Warrant shall not, by reason of the ownership or possession of the Warrant, have any rights as a stockholder, including but not limited to the right to vote at or to receive notice of any meeting of stockholders of the Corporation, nor shall he, either on, before or after exercising the Warrant, have any right, by reason of his ownership or possession of the Warrant, to receive any cash dividends, stock dividends, allotment of rights or any other distributions paid, allotted, distributed or distributed to the stockholders of the Corporation prior to or as of a date prior to the issuance as a matter of record to the holder of this Warrant of the shares of stock which he is then entitled to receive upon the due exercise of the Warrant. exercise of the Warrant.
- (13) No provisions of the Warrant and no right or option granted or conferred hereunder shall in any way limit, affect or abridge the exercise by the Corporation of any of its corporate rights or powers to recapitalize, amend its Certificate of Incorporation, reorganize, consolidate or merge with or into another corporation, or to transfer all or any part of its property or assets, or the exercise of any other of the corporate rights and powers of the Corporation.
- (14) The Corporation shall at all times reserve and keep available. (14) The Corporation shall at all times reserve and keep available, out of its authorized and unissued capital stock, solely for the purpose of providing for the exercise of the Warrants then outstanding and in effect, such number of shares of Common Stock (or other stock substituted therefor as hereinbefore provided) as shall, from time to time, be sufficient for such exercise of Warrants. The Corporation shall, from time to time, in accordance with the laws of the State of Delaware, increase the authorized amount of its capital stock if at any time the number of shares of Common Stock (or other stock substituted therefor as hereinbefore provided) remaining unissued and unreserved for other numbers shall not be sufficient to permit the exercise of all Warrants purposes shall not be sufficient to permit the exercise of all Warrants then outstanding and in effect.
- (15) Any proceeds received by the Corporation through the purchase of Common Stock upon the exercise of the Warrants attached to the Preferred Stock shall, to the extent permissable by law, be applied by the Corporation within six months to the purchase of such shares of Preferred Stock in the open market or otherwise as can be purchased by the proceeds then available, provided that if no shares of such Preferred Stock can be purchased at a price less than the redemption price, then such proceeds shall be applied to the redemption of shares of Preferred Stock in the manner provided for in the Certificate of Incorporation, as amended. In lieu of the provisions of this paragraph however, the Corporation may, at its option, pay over any such proceeds to any Sinking Fund then established for the retirement of the Preferred Stock provided that any such payment shall be in addition to any other Sinking runa then established for the retirement of the Preterred Stock provided that any such payment shall be in addition to any other payments which the Corporation may then be obligated to make and that the obligation of the Corporation to make such other payments shall in no way be diminished by any payments of proceeds derived from the exercise of the Warrants.

## AFFILIATED GAS EQUIPMENT, INC.,

c/o The New York Trust Company, Warrant Agent,

100 Broadway. New York 15, N. Y.

The undersigned hereby purchases all of the shares of stock covered by this Warrant.

Signature	
Address	

Exhibit 7(a)

## AFFILIATED GAS EQUIPMENT, INC.

New York, N. Y., January 6, 1949

id and exchance which condu MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY 1295 State Street. RECEIVED Springfield 1, Massachusetts. JAN 11 1949.

Dear Sirs:

Affiliated Gas Equipment, Inc., a Delawarencoppythions: in the little sometimes called the "Company"), hereby confirms its agreement with you as follows:

- 1. The Company represents, warrants and agrees that:
- 1.1. The Company is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware.
- 1.2. The Company proposes to register under the Securities Act of 1933 1,025,000 shares of its Common Stock of the par value of \$1 per share (hereinafter called the "Common Stock"), 40,000 shares of its \$3 Cumulative Preferred Stock of the par value of \$50 per share Thereinafter called the "Preferred Stock") with attached Non-Detachable Common Stock Purchase Warrants (hereinafter called the "Warrants") and 40,000 shares (plus an indeterminate number of additional shares) of Common Stock, together with scrip certificates for fractional shares, for issuance upon exercise of the Warrants, with a view to a public offering of 1,000,000 shares and to an offering to certain officers and employees of the Company of 25,000 shares of Common Stock and to a public offering of 40,000 shares of Preferred Stock with attached Warrants. There are delivered to you herewith, appropriately marked for identification, a signed copy, with the Accountants' Reports signed by Messrs. Ernst & Ernst, of the Registration Statement (Form S-1), including Exhibits, with respect to the Common and Preferred Stock, as filed with the Securities and Exchange Commission on December 6, 1948, a signed copy, with the Accountants' Reports signed by Messrs. Ernst & Ernst, of the First Amendment, including Exhibits, to said Registration Statement, as filed with the said Commission on December 28, 1948 and a signed copy, with the Accountants' Reports signed by Messrs. Ernst & Ernst, of the Second Amendment, including Exhibits, to said Registration Statement, as filed with the said Commission on January 5, 1949. Within three days after filing any further or additional amendment to said Registration Statement, including any post-effective amendment, or any supplement to the Prospectus forming a part of said Registration Statement, the Company will furnish you with a signed copy of such amendment (with the Accountants' Reports, if revised, signed by Messrs. Ernst & Ernst) or a copy of such supplement certified by the Secretary or an Assistant Secretary of the Company as being in the form filed with the Securities and Exchange Commission. Said Registration Statement and Prospectus, as of the effective date of said Registration Statement, will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

There have been furnished to you signed reports of independent public accountants with respect to the Company and the companies to be acquired from Dresser Industries, Inc., hereinafter mentioned, such reports including a balance sheet of the Company and of each of the companies so to be acquired as of October 31, 1948 and statements of income and expense of the companies so to be acquired for the five years ended on that date. Said financial statements are correct and complete and fairly present the respective financial conditions of the Company and the companies so to be acquired at the balance sheet date and (excepting the Company) the respective results of their operations for the period covered thereby. Said financial statements have been prepared in accordance with sound accounting practice applied on a basis consistent with that of the preceding year (except in the case of the Company, which was incorporated on August 7, 1948), subject to any comments and notes contained in said reports.

- 1.3. As set forth in said Registration Statement, the Company proposes to acquire, for an aggregate consideration not exceeding \$11,000,000, all of the assets, subject to the liabilities shown on the respective balance sheets as of October 31, 1948 included in said Registration Statement or for which reserves have been set up on said balance sheets (but only to the extent of such reserves), of Bryant Heater Company, an Ohio corporation, Day & Night Manufacturing Company, a California corporation, and Payne Furnace Company, a California corporation (hereinafter called the "acquired companies"). There has been and prior to the time of delivery hereinafter mentioned there will be no material adverse change in the business, affairs or properties or in the condition, financial or otherwise, of the Company or of any of the acquired companies since October 31, 1948, the date of the balance sheets of the Company and of the acquired companies included in said Registration Statement, except that the Company may become indebted to the acquired companies on demand notes of the Company payable to the order of the acquired companies in amounts equal to the respective purchase prices of the assets thereof if and to the extent that such indebtedness shall be forthwith fully paid and satisfied through the application of the total net proceeds of the sale of 1,000,000 shares of Common Stock to the public and of 40,000 shares of Preferred Stock to the public and through the application of not exceeding \$1,250,000 from the proceeds of the sale of the Company's promissory-notes referred to in Paragraph 1.6 hereof.
- 1.4. The business, affairs, properties and condition of the respective acquired companies and the proposed business and operations of the Company are fully and accurately set forth in said Registration Statement.
- 1.5. At the time of delivery hereinafter mentioned, the Company will have duly and validly acquired and will have good and merchantable title to all of the assets and properties, real, personal and mixed, tangible and intangible, of whatsoever nature and character and wheresoever situated, interests and rights of the acquired companies, including, but not limited to, patents, formulae, manufacturing processes, trade-marks, trade-names, good-will and the respective corporate names of the acquired companies, free of liens, encumbrances and adverse claims, except, in the case of real property, liens of current taxes and assessments not yet due and payable and certain minor easements and restrictions of record which will not materially detract from the value of such property or materially impair the use thereof in the conduct of the business to be carried on by the Company, will have the corporate power to own such assets and properties and to carry on the respective businesses of the acquired companies as theretofore conducted by them, will be duly qualified to do business and in good standing in every state (except Texas) in which the nature of the business to be conducted makes such qualification necessary, namely, California, Florida, Georgia, Illinois, Massachusetts, Missouri, New Jersey, New York, Ohio and Wisconsin and will, at the earliest practicable date, become qualified in the State of Texas.
- 1.6. The Company by appropriate and all required corporate action has duly authorized the issuance and sale of and proposes to issue and sell its promissory notes in the aggregate principal amount of \$4,000,000. As used in this Agreement the term "Notes" shall mean the promissory notes of the Company referred to in Paragraph 2 hereof (and any promissory notes of the Company issued in exchange therefor) and such debentures of the Company, if any, as may be issued pursuant to Paragraph 5 hereof.
- 1.7. There are no actions, suits or proceedings pending or, to the knowledge of the Company or any of the acquired companies, threatened against or affecting the Company or any of the acquired companies at law or in equity or before or by any Federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or

foreign, which, in the opinion of the Company or any of the acquired companies, involve the possibility of any judgment or liability not fully covered by insurance, or which may result in any material adverse change in the business, properties or assets or in the condition, financial or otherwise, of the Company or of any of the acquired companies.

- 1.8. Performance of and compliance with the provisions of this Agreement and of the Notes will not violate any provision of any applicable law or of the Certificate of Incorporation or By-Laws of the Company and will not conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the properties or assets of the Company or any of the acquired companies pursuant to the terms of any indenture, mortgage, deed of trust or other agreement or instrument to which the Company or any of the acquired companies is now a party.
- 1.9. Neither the Company nor any of the acquired companies is now, or since April 7, 1940 has been, a "national" as defined in Executive Order No. 8389, as amended, of the President of the United States of America, issued pursuant to Section 5(b) of the Act of October 6, 1917, as amended, of any foreign country designated in said Executive Order, as amended.
- 2. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company hereby agrees to issue and sell to you and you hereby agree to purchase and pay for, at 100% of the principal amount thereof. Notes of the Company in the aggregate principal amount set forth opposite your name in Exhibit B hereto attached. In addition to the other terms and conditions herein set forth, your obligation to purchase and pay for such aggregate principal amount of the Company's Notes shall be subject to the purchase by the other two several purchasers named in Exhibit B of the respective aggregate principal amounts of the Company's Notes set forth opposite their respective names in said Exhibit and payment therefor at the same time and on the same terms. The time for the delivery of the Notes and payment therefor (herein called the "time of delivery") shall, subject to the other terms and conditions hereof, be such time prior to March 1, 1949 and at or after the sale of the 1,000,000 shares of Common Stock to the public and of the 40,000 shares of Preferred Stock to the public and at or after the acquisition of and payment for the assets of the acquired companies by the Company as the Company shall fix by telegraphic notice (to be confirmed in writing) delivered to you and each of the other such purchasers at least 3 full business days in advance. The Company shall also specify in such notice where in New York City such delivery and payment are to be made. Payment shall be made by you by your certified check against delivery by the Company of its Notes in such denominations, aggregating the principal amount being purchased by you, as you shall by prior written notice to the Company specify.
- 2.1. The Notes initially issued shall be dated the date of their issue, shall mature February 1, 1964, shall bear interest from the date thereof on the unpaid balance thereof payable in semi-annual installments on the first day of August and February in each year, commencing with August 1, 1949, at the rate of 4% per annum until the principal thereof shall have become due and payable, and thereafter at the rate of 6% per annum and shall be substantially in the form of Exhibit A hereto attached. The Company agrees that it will, as soon as reasonably possible after the receipt of a written request therefor, upon surrender of a Note or Notes by the holder thereof and in exchange therefor, execute and deliver at its expense another Note or other Notes in an aggregate principal amount equal to the unpaid principal amount of the Note or Notes so surrendered, bearing interest from the date to which interest shall have been paid on the Note or Notes so surrendered.
- 2.2. The Company shall be required to make the payments on account of the principal of the Notes specified in Paragraphs 2.2.1, 2.2.2, and 2.2.4, below, and shall have the right, at its option, to make any or all of the prepayments on account of the principal of the Notes specified in Paragraphs 2.2.3, 2.2.5, 2.2.6 and 2.3 below.

- 2.2.1. On February 1 in each of the years 1950 to 1963, inclusive, so long as any principal of the Notes shall remain unpaid, the Company will pay, without premium, on account of the principal of the Notes, the sum of \$200,000 or, in the case of the final such payment, the amount of the unpaid principal balance if it shall be less than \$200,000, together in every case with interest on the amount so paid on account of principal to the date of payment.
- 2.2.2. On April 15, 1951, the Company will pay, without premium, on account of the principal of the Notes, a sum equal to 10% (computed to the nearest \$1,000) of the net income (if any). after taxes, of the Company for the fiscal year 1950 determined in accordance with generally accepted accounting practice, as reported by a firm of independent certified public accountants of recognized standing selected by the Company (who may be the accountants regularly retained by the Company) and on April 15 of each year thereafter until (i) April 15, 1963, (ii) the payment of an aggregate of \$2,000,000 pursuant to the provisions of this l'aragraph 2.2.2, or (iii) the prepayment in full of the principal of the Notes, whichever is the earlier, the Company will similarly pay, without premium, a sum equal to whichever is the lesser of the unpaid principal balance of the Notes or 10% (computed to the nearest \$1,000) of the net income (if any), after taxes, of the Company for the preceding fiscal year determined in accordance with generally accepted accounting practice, as reported by such accountants, together in every case with interest on the principal so paid to the date of payment. On or before April 15 in each year commencing with April 15, 1951 and continuing so long as payments shall be required under the provisions of this Paragraph 2.2.2, the Company shall furnish to the holders of the Notes copies of such accountants' report with respect to such net income for the preceding fiscal year. So long only as the Notes at the time outstanding shall be held by not more than five holders, the accountants selected by the Company to furnish any report pursuant to this Paragraph 2.2.2 shall be subject to approval by the holders of a majority in outstanding principal amount of the Notes.
- 2.2.3. On any date on which payment by the Company shall be required pursuant to the provisions of Paragraphs 2.2.1 or 2.2.2. hereof, the Company, on giving written notice of its intention so to do in accordance with the provisions of Paragraph 2.3 hereof, may prepay, without premium, on account of the principal of the Notes, a further amount equal to the amount so required to be paid on the particular date, together in every case with interest on the amount of the principal so paid to the date of payment.
- 2.2.4. On February 1, 1964 the Company will pay, without premium, the entire unpaid principal balance, if any, of the Notes, together with all unpaid interest thereon to such date.
- 2.2.5. In addition to the required payments and optional prepayment provided for by the provisions of Paragraphs 2.2.1, 2.2.2, 2.2.3, 2.2.6 and 2.3, the Notes shall be subject to prepayment as a whole, but not in part, at any time at the option of the Company, without premium, under the circumstances and subject to the conditions specified in Paragraph 5, below.
- 2.2.6. In the event that (i) within sixty days prior to the giving of notice of intention to prepay in accordance with the provisions of Paragraph 2.3 hereof, the Company shall have requested in writing the consent of the holder or holders of the Notes to the creation or incurring by the Company of additional indebtedness in a specified amount not permitted by the provisions of Paragraph 3.8 hereof or which would result in non-compliance with the provisions of Paragraph 3.12 hereof, such request for such consent being, and being stated in such request to be, solely for the purpose of securing additional funds for the Company, and not in whole or in part for the purpose of prepaying the Notes, (ii) the consent to such request by the holder or holders of two-thirds in principal amount of the Notes then outstanding shall not have been given within fifteen days after the delivery of such written request, and (iii) the Company shall have on hand, at the time of giving such notice of intention to prepay, a firm and bona fide commitment of a responsible lender for a loan to mature more than one year from the date thereof, or a bona fide commitment in customary form from a responsible firm of underwriters for the purchase or distribution of obligations of the Company, in every case in an amount at least equal to the

principal amount of the Notes at the time outstanding, plus the amount of the additional indebtedness specified in such written request for such consent, the Company shall have the right, at its option, to prepay the Notes, as a whole but not in part, at the principal amount thereof, together with interest thereon to the date of such prepayment. Notwithstanding any other provision of this Paragraph 2.2.6 the Company shall not be entitled to create or incur any such additional indebtedness except to the holder or holders of the Notes if such holder or holders shall be willing to provide the additional funds requested by the Company on terms as favorable as the Company could obtain elsewhere.

- 2.3. In addition to the required payments and optional prepayments provided for in Paragraph 2.2, above, the Company shall have the right at any time to prepay the Notes in full or from time to time in part, any such prepayment under this Paragraph 2.3 to be in a multiple of \$1,000, but only in each case in accordance with the following provisions:
- 2.3.1. The Company will give at least thirty days' written notice of its intention to prepay pursuant to this Paragraph 2.3 or pursuant to Paragraphs 2.2.3 and 2.2.6, above, specifying the date of such prepayment and the amount thereof, and will on that date pay the amount so specified together with interest thereon accrued to said date and the premium, if any, required by the provisions of this Paragraph 2.3.
- 2.3.2. On all prepayments made pursuant to this Paragraph 2.3 the Company shall pay a premium equal to the following percentages of the principal amount prepaid:

Period	Premium
to February 1, 1950	3.34%
February 2, 1950 to February 1, 1951	
February 2, 1951 to February 1, 1952	
February 2, 1952 to February 1, 1953	
February 2, 1953 to February 1, 1954	
February 2, 1954 to February 1, 1955	
February 2, 1955 to February 1, 1956	
February 2, 1956 to February 1, 1957	
February 2, 1957 to February 1, 1958	
February 2, 1958 to February 1, 1959	1½%
February 2, 1959 to February 1, 1960	
February 2, 1960 to February 1, 1961	
February 2, 1961 to February 1, 1962	
February 2, 1962 to February 1, 1963	
February 2, 1963 to February 1, 1964	

- 2.3.3. Each notice pursuant to Paragraph 2.3.1 and all other notices to be given pursuant to this Agreement to any holder or holders of the Notes shall be mailed by registered mail to you and each of the other purchasers named in Exhibit B hereto attached; provided, however, that, if any subsequent holder of any Note shall have presented it to the Company for inspection and shall have delivered to the Company written notice and evidence satisfactory to the Company of the acquisition by such holder of such Note and designated in writing an address to which notices in respect of such Note shall be mailed, such notices shall thereafter be mailed only to such holder at such designated address.
- 2.3.4. The term "holders of record" as used herein means the persons to whom notices are to be mailed pursuant to Paragraph 2.3.3, and no reference herein to any holder of record shall affect the obligation of the Company, which is unconditional and absolute, to pay the principal of and interest and premium, if any, on the Notes when due to the lawful holder or holders thereof, without regard to the records of the Company respecting ownership.

- 2.3.5. Notice of prepayment having been given in compliance with Paragraphs 2.3.1 and 2.3.3, the Notes (or the portions thereof specified in such notice) so to be prepaid shall on the date designated in such notice become due and payable to the respective holders thereof, and from and after the date for prepayment so designated (unless the Company shall default in the payment thereof), interest on the Notes so designated for prepayment (or in the case of partial prepayment, on the portion thereof designated to be prepaid) shall cease to accrue, and upon surrender the Notes (or such portions thereof to be prepaid) will be prepaid by the Company at the prepayment price provided in this Agreement.
- 2.3.6. Upon any partial prepayment of a Note pursuant to any of the Paragraphs of this Agreement, there shall be paid to the holder the amount of such Note so to be prepaid and unpaid accrued interest in respect thereof, together with the applicable premium, if any, and either (i) such Note shall be surrendered by the holder, in which event the Company shall execute and deliver to or on the order of such holder, at the expense of the Company, a new Note for the principal amount of such Note remaining unpaid, and dated as of the date to which interest has been paid on such Note; or (ii) if the holder and the Company shall so determine, such Note need not be so surrendered, but may be made available to the Company, at the place of payment specified therein, for notation thereon of the payment of the portion of the principal so prepaid, in which case the Company shall make such notation and return such Note to or on the order of such holder.
- 2.3.7. When the entire unpaid principal amount of the Notes shall become due and payable, whether at normal maturity or by call for prepayment or by acceleration or otherwise, notwith-standing any other provision of this Agreement, the Company may (a) irrevocably deposit in trust with a bank or trust company, having a combined capital and surplus of not less than \$2,500,000, which is in good standing and has its principal office in the Borough of Manhattan, The City and State of New York or the City of Cleveland, State of Ohio, the entire amount necessary (including principal, premium, if any, and interest) to pay or prepay the Notes, as the case may be, and (b) irrevocably authorize such bank or trust company to make the funds so deposited immediately available to the holders of the Notes upon surrender thereof at such bank or trust company for payment; and in such case, if written notice of such proposed deposit shall have been given to each holder of record of the Notes at least thirty days prior thereto, the Company shall be deemed to have satisfied and discharged its obligation on the Notes.
- 2.4. All payments or prepayments of principal by the Company pursuant to any of the Paragraphs of this Agreement shall be made, in units of \$1,000, on each Note then outstanding as nearly as may be in the proportion of its unpaid principal amount to the total unpaid principal amount of the Notes then outstanding.
- 2.5. No optional prepayment pursuant to Paragraphs 2.2.3 or 2.3, above, shall be credited against or relieve the Company to any extent from its obligation to make the payments required by Paragraphs 2.2.1 and 2.2.2, above.
- 3. The Company covenants and agrees that, so long as any of the Notes are outstanding, it will comply with the following provisions:
- 3.1. The Company will make all payments of principal of and interest and premium, if any, on the Notes promptly as the same shall become due thereunder or hereunder.
- 3.2. The Company will promptly pay and discharge all taxes, assessments and governmental charges or levies of whatsoever kind or character imposed upon it or upon its income or profits, or upon any of its property, real, personal or mixed; provided, however, that the Company shall not be required to pay any such tax, assessment, charge or levy if the same shall not at the time be due and payable or can be paid thereafter without penalty or if the validity thereof shall concurrently be contested in good faith by appropriate proceedings and if the Company shall have set aside on its books reserves deemed by it adequate with respect to such tax, assessment, charge or levy; provided, further, that the Company will pay or cause to be paid all such taxes, assess-

ments, charges or levies forthwith upon the commencement of proceedings to forcelose any lien which attached as security therefor.

- 3.3. Except as permitted by Paragraph 3.10, below, the Company will keep its corporate existence, rights and franchises in full force and effect.
- 3.4. The Company will keep its properties in good repair, working order and condition, and from time to time will make all needful and proper repairs, renewals, replacements, extensions, additions, betterments and improvements thereto, so that the business carried on by the Company may be properly and advantageously conducted at all times in accordance with prudent business management.
- 3.5. The Company will keep all of its properties, assets and inventories which are of an insurable character insured by financially sound and reputable insurance companies against loss or damage by fire and other risks to the extent and in the manner customary for companies engaged in similar businesses in the same general localities.
- 3.6. The Company will keep and will cause each subsidiary to keep true books of record and account in which full, true and correct entries in accordance with sound accounting practice will be made of all dealings or transactions in relation to its business and activities; and (a) as soon as available, and in any event within sixty days after the end of each of the first three quarters of each fiscal year, will file with you and with each holder of record of 25% or more in principal amount of the Notes then outstanding, consolidated and consolidating balance sheets of the Company and its subsidiaries as at the end of such quarter and consolidated and consolidating statements of profit and loss and surplus for such quarter, setting forth in each case in comparative form figures for the corresponding period of the previous fiscal year, each in reasonable detail and each certified by the principal accounting officer of the Company, and (b) as soon as available, and in any event within one hundred and twenty days after the end of each fiscal year, will file with you and with each holder of record of 25% or more in principal amount of the Notes then outstanding, consolidated and consolidating balance sheets of the Company and its subsidiaries as at the end of such year and consolidated and consolidating statements of profit and loss and surplus for such year, setting forth in each case in comparative form figures for the previous year, each in reasonable detail and each certified by a firm of independent public accountants of recognized standing selected by the Company (who may be the accountants regularly retained by the Company) and, if the Notes at the time unpaid shall be held by not more than five holders, satisfactory to the holders of a majority in outstanding principal amount of the Notes, accompanied by a written statement of such accountants to the effect that, in making the audit necessary to said certification, they have obtained no knowledge of any default by the Company in the fulfillment of any of the covenants contained in Paragraphs 3.8 to 3.12, inclusive, 3.13 (in so far as it applies to Paragraph 3.9) and 3.14 to 3.18, inclusive, hereof, or, if the Company shall in the opinion of such accountants be in default under any of such covenants, such statement shall specify such default and the nature thereof. Such statement of such accountants concerning knowledge of any default by the Company may be based, in so far as it relates to legal matters or is dependent upon an antecedent construction of this Agreement, upon a certificate or opinion of or representations by counsel for the Company. The Company will with reasonable promptness furnish to you and to each holder of record of 25% or more in principal amount of the Notes then outstanding copies of all such financial statements, reports and returns as it shall send to its stockholders and of all regular or periodic reports which it is or may be required to file with the Securities and Exchange Commission or any governmental department, bureau, commission or agency succeeding to the functions of the Securities and Exchange Commission.
- 3.7. Within ninety days after the end of each fiscal year, the Company will furnish to you and to each holder of record of 25% or more in principal amount of the Notes then outstanding a certificate, as of the end of such fiscal year, of one of its principal executive officers to the effect that he has caused the Company's performance during such fiscal year under the provisions of

this Agreement to be reviewed and that such provisions have been fully complied with during such fiscal year, or stating any failures or deficiencies in performance.

- 3.8. The Company will not in any manner become or remain liable in respect of any indebtedness (including lending credit to, or guaranteeing the obligations of, others), except:
  - (i) indebtedness in respect of the Notes;
  - (ii) current liabilities (other than for money borrowed) incurred in the ordinary course of business;
  - (iii) indebtedness (not overdue) to banks for money borrowed in the ordinary course of business, maturing not later than twelve months after the date incurred and not extendable or renewable at the option of the obligor; provided the Company shall be free from all such indebtedness for a period of 60 consecutive days during each calendar year;
    - (iv) indebtedness (not overdue) secured by liens permitted by Paragraph 3.9, below;
  - (v) indebtedness for taxes, assessments or governmental charges or levies to the extent that payment thereof shall not at the time be required to be made in accordance with the provisions of Paragraph 3.2, above;
    - (vi) indebtedness to a subsidiary;
  - (vii) liabilities in respect of dividends declared, but, in accordance with the terms of declaration, not yet paid, by the Company;
  - (viii) that the Company may guarantee indebtedness of its purchasers to banks incurred by such purchasers to finance purchases from the Company; provided that (a) every such guarantee by the Company takes the form of and is limited solely to an undertaking by the Company to repurchase the material sold to the defaulting purchaser at the invoice price thereof, (b) the aggregate liability of the Company on all such guarantees outstanding at any time shall not exceed \$500,000, and (c) the amount of any such contingent liability shall be included as current indebtedness in any computation made for the purposes of Paragraph 3.12 hereof;
  - (ix) that the Company may guarantee obligations of any subsidiary but only to the extent such obligations are permitted under the provisions of subdivision (i) of Paragraph 3.14 hereof;
  - (x) that the Company or any subsidiary may discount or sell with recourse notes and accounts receivable; provided that (a) the aggregate contingent liability of the Company and all of its subsidiaries on all such notes and accounts receivable shall not exceed an aggregate of \$250,000 at any time outstanding, and (b) the amount of any such contingent liability shall be included as current indebtedness in any computation made for the purposes of Paragraph 3.12 hereof; and
  - (xi) indebtedness to the acquired companies, represented by the Company's demand notes payable to the order thereof in respective amounts equal to the purchase prices of the assets thereof to be forthwith fully paid and satisfied through the application of the total net proceeds of the sale of 1,000,000 shares of Common Stock to the public and of 40,000 shares of Preferred Stock to the public and through the application of not exceeding \$1,250,000 of the proceeds from the sale of the Notes.

Notwithstanding the limitations of the foregoing provisions of this Paragraph 3.8 but subject nevertheless to the other provisions of this Agreement, the Company may acquire all, or substantially all, of the assets of any corporation subject to its liabilities whether secured or unsecured, and the Company may assume the liabilities of such other corporation; provided that (a) the Company may not make such acquisition in the case of a corporation which has indebtedness

maturing more than 12 months after the date incurred or which is renewable or extendable at the option of the obligor to a date which is more than 12 months after the date incurred unless the excess of the current assets over the current liabilities of such corporation, both determined in accordance with generally accepted accounting practice, shall, immediately prior to such acquisition, exceed a sum equal to 200% of such indebtedness maturing more than 12 months after the date incurred or so extendable or renewable at the option of the obligor and (b) the Company shall not be relieved of its obligation under subdivision (iii) of this Paragraph 3.8 to be free from all current indebtedness for money borrowed in the ordinary course of business for a period of 60 consecutive days during each calendar year.

- 3.9. The Company will not create or incur or suffer to be created or incurred or to exist any mortgage, pledge, encumbrance, lien or charge of any kind upon any of its property or assets of any character (including, without limiting the generality of the foregoing, machinery and fixtures, inventories and accounts receivable), whether owned at the date hereof or hereafter acquired, or transfer any of such property or assets for the purpose of subjecting the same to the payment of obligations in priority to payment of its general creditors, or acquire or agree to acquire any property or assets upon conditional sales agreement or other title retention agreement; and the Company will not suffer to exist for a period of more than thirty days after the same shall have been incurred any indebtedness or liability of or claims or demands against it which, if unpaid, might (in the hands of the person then holding the same or in the hands of any person who shall have guaranteed the same or agreed, either unconditionally, conditionally or otherwise, to purchase the same) by law or upon bankruptcy or insolvency, or otherwise, be given any priority whatsoever over its general creditors; provided, however, that, notwithstanding the provisions hereinabove in this Paragraph 3.9 set forth, the Company may create or incur or suffer to be created or incurred or to exist:
  - (i) liens in respect of judgments or awards in respect of which it at any time shall in good faith be prosecuting an appeal or proceedings for review and in respect of which it shall have secured a subsisting stay of execution pending such appeal or proceedings for review;
  - (ii) liens for taxes, assessments or governmental charges or levies, if payment of such taxes, assessments, governmental charges or levies shall not at the time be required to be made in accordance with the provisions of Paragraph 3.2, above;
  - (iii) deposits or pledges to secure payment of premiums for insurance purchased in the usual course of business, or in connection with self insurance, or to secure the performance of bids, tenders, leases or trade contracts, or to secure statutory obligations, surety or appeal bonds, or other pledges or deposits of like general nature in the ordinary course of business;
  - (iv) purchase money mortgages or other purchase money liens upon any property hereafter acquired, or mortgages or other liens on any property hereafter acquired existing at the time of acquisition thereof, whether or not assumed, provided that (x) no such mortgage or lien shall extend to or cover any other property of the Company, (y) the total principal amount of indebtedness secured by all such mortgages and liens at any time outstanding shall not exceed \$250,000, and (z) the principal amount of the indebtedness secured by any such mortgage or lien, together with all other indebtedness secured by lien on the property so acquired, shall not exceed 75% of the cost (including any such mortgage or lien) of such property or the fair value thereof at the date of acquisition, as determined by the Board of Directors of the Company, whichever shall be the lesser;
  - (v) any refunding or extension of maturity, in whole or in part of any mortgage or lien created or assumed pursuant to subdivision (iv), above, provided that the principal amount of the indebtedness refunded or extended shall not be increased and that such refunding or extended mortgage or lien shall be limited in lien to the same property that secured the mortgage or lien refunded or extended; and

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(vi) encumbrances consisting of zoning restrictions, casements, reservations, restrictions on the use of real property or minor irregularities in titles thereto, which do not, in the

opinion of the Board of Directors of the Company, materially impair the use of such property by the Company in the operation of its business.

- 3.10. The Company, without the written consent of the holder or holders of 75% in aggregate principal amount of the Notes then unpaid, will not and will not permit any subsidiary to sell, lease, transfer or otherwise dispose of all or substantially all of its properties and assets to, or consolidate with or merge into, any other corporation, association, partnership or individual; provided, however, that (i) any subsidiary may merge or consolidate with the Company or any one or more other subsidiaries, (ii) any subsidiary may sell, lease, transfer or otherwise dispose of any of its assets to the Company or another subsidiary, (iii) the Company may merge or consolidate, or sell or dispose of all or substantially all of its assets, provided that (a) in the case of merger or consolidation, the Company shall be the continuing corporation or (b) in any such case, the successor corporation shall assume all of the obligations of the Company under this Agreement and on the Notes, including all covenants herein and therein contained, and (c) the Company or the successor corporation, as the case may be, shall not, immediately after such merger or consolidation, or such sale or other disposition, be in default under any of such obligations.
- 3.11. The Company will not make any loans or advances except to a subsidiary and will not permit any subsidiary to make any loans or advances except to another subsidiary or to the Company; provided that (i) the Company and all subsidiaries may make loans or advances not in excess of \$30,000 aggregate principal amount at any one time outstanding to officers and employees of the Company and all subsidiaries and (ii) the Company and all subsidiaries may make loans or advances not in excess of \$100,000 aggregate principal amount at any one time outstanding to suppliers of merchandise and equipment to the Company and all subsidiaries. Sales of the Company's capital stock to an employee of the Company or of any subsidiary on an installment plan shall not be considered a loan or advance within the meaning of this Paragraph 3.11.
- 3.12. The Company will maintain the excess of its current assets over its current liabilities at an amount at least equal to whichever is the greater of (i) \$4,000,000 or (ii) 150% of the aggregate amount of its outstanding indebtedness due more than twelve months thereafter or extendable or renewable, at the option of the obligor, to a date more than twelve months thereafter. For the purposes of this Paragraph 3.12, in the determination of the Company's current assets and current liabilities there shall be excluded the current assets and current liabilities of any subsidiary, all of the outstanding shares of capital stock of every class of which shall not at the time be owned, directly or indirectly, by the Company.
- 3.13. The term "subsidiary", as used herein, shall mean a corporation (including a trust or voluntary association having transferable shares) organized under the laws of the United States of America or any state thereof of which more than 50% of the shares of stock of which at the time outstanding having voting power for the election of directors, either at all times or only so long as no senior class of stock has such voting power because of defaults in dividends or because of the existence of some other default, are owned, directly or indirectly, by the Company or by its other subsidiaries or by the Company in conjunction with one or more of its other subsidiaries. While the Company shall have one or more subsidiaries, then and so long as the Company shall have any such subsidiary, the covenants of the Company in Paragraphs 3.2, 3.3, 3.4, 3.5, 3.9 and 4.1 hereof shall be deemed to include its covenant to cause each subsidiary to do, or refrain from doing, those things which the Company in such Paragraphs has agreed to do or to refrain from doing, and, for the purpose of subclause (y) of clause (iv) of Paragraph 3.9 hereof, the limitation of all indebtedness secured by mortages or liens permitted by such clause (iv) to \$250,000 shall be deemed an aggregate limitation applicable to the Company and all subsidiaries.

### 3.14. The Company will not:

(i) cause or permit a subsidiary in any manner to become or remain liable in respect of any indebtedness (including lending credit to, or guaranteeing the obligations of, others)

except (a) current liabilities (other than for money borrowed) incurred in the ordinary course of business, (b) indebtedness (not overdue) secured by hens permitted by Paragraphs 3.9 and 3.13, above, (c) indebtedness for taxes, assessments or governmental charges or levies to the extent that payment thereof shall not at the time be required to be made in accordance with the provisions of Paragraphs 3.2 and 3.13, above, (d) liabilities in respect of dividends declared but, in accordance with the terms of declaration, not yet paid by such subsidiary, and (e) indebtedness to the Company or to another subsidiary of the Company;

- (ii) cause or permit a subsidiary to issue or sell (except to the Company or to another subsidiary) any stock of such subsidiary, except that any subsidiary may issue (a) shares of its common stock to holders of its common stock entitled to receive such additional common stock as a stock dividend, (b) shares of its common stock to holders of its stock entitled to purchase such additional common stock in the exercise of a pre-emptive right to subscribe to such stock and (c) shares of its common stock as directors' qualifying shares;
- (iii) sell, assign, transfer, dispose of or in any way part with control of any indebtedness or shares of capital stock of a subsidiary, except to another subsidiary (and except to the extent, if any, required to qualify directors under any applicable law); provided, however, that all indebtedness and stock of a subsidiary owned by the Company and its other subsidiaries may be sold for cash, as an entirety, if the subsidiary of which the stock and indebtedness is so sold does not own any indebtedness of the Company or any stock or indebtedness of another subsidiary not being simultaneously disposed of as permitted by this proviso;
- (iv) cause or permit a subsidiary to dispose of any indebtedness of the Company or of another subsidiary to such subsidiary except to another subsidiary; or
- (v) cause or permit a subsidiary to purchase or otherwise acquire for a consideration any shares of any class of capital stock of the Company now or hereafter authorized.
- 3.15. As used herein, the term "current assets" shall include all assets which in accordance with generally accepted accounting practice shall be so classified, all after deduction of all reserves properly deductible from such assets in accordance with generally accepted accounting practice, including any reserves required to adjust inventories to a basis of not more than cost or current market, whichever is less, and any reserves for doubtful receivables; and shall include direct obligations of the United States of America at not more than (1) current redemption value or (2) cost or current market, whichever is less; provided, however, that such term shall not include shares of stock or bonds or other securities of any description of any person (other than direct obligations of the United States of America) or patents, patent applications, trade marks, copyrights, trade names, good-will or other similar intangibles, prepaid or deferred expenses, or unamortized discount and expense.

As used herein, the term "current liabilities" shall include, at any date as of which the amount thereof is to be determined, all indebtedness which would in accordance with generally accepted accounting practice be classified as current liabilities, but in any event including

- (a) all indebtedness, whether secured or unsecured, payable on demand or maturing not more than one year after such date, including all serial maturity and sinking fund payments required to be made within not more than one year after such date, and all guarantees of any current liabilities of any other person;
- (b) accruals for federal and other taxes and dividends declared but not yet paid (other than dividends payable in stock);
- (c) all reserves in respect of indebtedness either not having any express maturity or not maturing by its terms more than one year after such date, the validity of which is being contested.
- 3.16. The financial tests required to be met on a corporate basis by the provisions of Paragraph 3.12, above, shall, subject to the provisions of Paragraph 3.12, above, instead be required to

be met on a consolidated basis if, at the date of any such test, the Company shall have one or more subsidiaries.

- 3.17. Prior to or contemporaneously with the issue and sale of the Notes, the Company will apply the total net proceeds from the sale of the 1,000,000 shares of Common Stock to the public and of the 40,000 shares of Preferred Stock to the public to the acquisition of and payment for the assets of the acquired companies or to the payment and satisfaction of the Company's demand notes if previously issued to the order of the acquired companies in payment of the respective purchase prices of the assets thereof. The Company will not apply in excess of \$1,250,000 from the proceeds of the sale of the Notes to either or both of such purposes.
- 3.18. The Company will not declare or pay any dividend or make any distribution upon, or purchase, redeem, for sinking fund or otherwise, or otherwise acquire for a consideration, or set aside funds for any such dividend or distribution upon or purchase, redemption or other acquisition for a consideration of (such declarations or payments of dividends, distributions, purchases, redemptions, other acquisitions and setting aside of funds being collectively hereinafter referred to as "dividends"), any shares of any class of capital stock of the Company now or hereafter authorized:
  - (A) If any amount shall be due and payable at the time in respect of the principal of or interest (or premium, if any) on the Notes; or
  - (B) If the aggregate amount of dividends (including the proposed dividend), excluding any dividends paid solely in capital stock of the Company, paid subsequent to October 31, 1948 shall exceed the sum of (i) the aggregate net income of the Company earned subsequent to October 31, 1948, determined in accordance with generally accepted accounting practice, as certified in writing by the chief financial officer of the Company, (ii) the aggregate net consideration received by the Company from the sale, subsequent to October 31, 1948, of shares of any class of capital stock now or hereafter authorized of the Company (other than the 1,000,000 shares of Common Stock and the 40,000 shares of Preferred Stock referred to in Paragraph 1.2, above), and (iii) the sum of \$620,000.
- 4. Notwithstanding any provisions to the contrary contained in this agreement, so long as you shall hold any of the Notes:
- 4.1. The Company will furnish to you such interim financial reports and other reasonable information as you may from time to time request, and you shall have the right to visit and inspect any of its properties, to examine its books of account and to discuss its affairs, finances and accounts with, and be advised as to the same by, its officers, all at such reasonable times and intervals as you may desire.
- 4.2. The Company will duly and punctually pay the interest on the Notes held by you without any presentment thereof and without any notation of such payment being made thereon; and the Company will pay all amounts payable to you in respect of principal of, or premium or interest on, the Notes at your principal office at the address shown at the head of this agreement. You will, however, at any time during your regular business hours on any day when a payment of principal is due, permit the Company to make appropriate notation on any Note of the amount of principal which has been paid thereon, if the Company, at least fifteen days in advance, shall have in writing requested permission to make such notation. You agree that, if the Company shall not make such notation of any payment of principal on any Note held by you at the time such payment is made, you will promptly make such notation. You agree that, in the event you shall sell any Note, you will notify the Company in writing and will, prior to the delivery of the Note, make a notation thereon of the day to which interest has been paid on such Note and, if not theretofore made, a notation of the extent to which any payment has been made on account of the principal thereof, and will notify the Company of the name and address of the transferee of such Note.

5. The Company agrees that it will, as soon as reasonably possible after the receipt of a written request by the holder or holders of 50% or more in outstanding principal amount of the Notes, execute and deliver at its expense a trust indenture (herein called the "Indenture") to be dated as of the date of the Notes originally delivered hereunder; provided, however, that the Company, in lieu of executing and delivering an Indenture as herein provided, may, by written notice of its intention to prepay delivered to the holder of each Note at the time outstanding within sixty days after the Company's receipt of such request, elect to prepay, on a date not more than forty-five days and not less than thirty days after the date of such written notice, the entire unpaid principal amount of the Notes then outstanding, any such notice of intention to prepay and prepayment to be given and made in accordance with, and subject to, all of the provisions of Paragraph 2.3, above, except that such prepayment shall be without premium.

The Indenture shall provide for the issue thereunder of 4% Debentures of the Company (herein called the "Debentures"), bearing interest at the rate and entitled to all substantive benefits of the Notes then outstanding, the Debentures to be limited to the principal amount of the Notes outstanding at the actual date of execution of the Indenture. The Debentures shall be issuable (except in case of destroyed, lost or stolen Debentures and in case of exchanges, interchanges and transfers, of Debentures) only against surrender of Notes in an equal principal amount. The Indenture shall be made to a bank or trust company, having a combined capital and surplus of not less than \$2,500,000, which is in good standing and has its principal office in the Borough of Manhattan, The City and State of New York or in the City of Cleveland, State of Ohio, is authorized by law to exercise corporate trust powers and is subject to supervision or examination by federal or state authority.

The Indenture shall be in form-satisfactory to the holder or holders of Notes who have requested such Indenture and to Messrs. Sullivan & Cromwell or such other counsel as shall be designated by such holder or holders and shall be such as to permit such counsel to furnish to such holder or holders and to the Trustee under the Indenture an opinion to the effect that the Indenture is in form and substance in compliance with this Agreement, has been duly authorized, executed and delivered and constitutes a legal, valid and binding instrument, and to the effect that the Debentures to be issued thereunder have been duly authorized, executed, authenticated and delivered as in the Indenture provided, will constitute the legal, valid and binding obligations of the Company and be entitled to the benefits of the Indenture. The Indenture shall contain appropriate provisions setting forth the substantive provisions of the Notes and of Paragraphs 2, 3, 6 and 8 hereof and other provisions, not inconsistent with the Notes or this Agreement, which are usual in trust indentures covering the issue of corporate securities having maturities and substantive terms and provisions generally comparable to those contained in the Notes and in this Agreement.

After the execution and delivery of the Indenture, upon surrender of a Note by the holder thereof, the Company will deliver without charge to such holder, in exchange therefor, a Debenture or Debentures in an aggregate principal amount equal to the unpaid principal amount of the Note so surrendered, having the same maturity date or dates as the Note so surrendered, and of the same or a different authorized denomination or denominations and either in registered form without coupons or in coupon form, as such holder may elect, and bearing interest from the date to which interest shall have been paid on the Note so surrendered, and in such form as to permit the counsel mentioned above to furnish to such holder an opinion to the effect that the Debentures so delivered have been duly authorized, executed, authenticated and delivered as in the Indenture provided and constitute the legal, valid and binding obligations of the Company, entitled to the benefits of the Indenture.

The Company will bear all expenses, including the fees and disbursements of counsel for the holder or holders of the Notes, in connection with the preparation, execution and delivery of the Indenture and the preparation, issue and delivery to the holder or holders of the Notes (including payment of all stamp and other taxes other than any incurred by reason of transfer of title) of any Debentures to be delivered pursuant to the provisions of this Paragraph 5.

- 6. If any one or more of the following events (herein termed "events of default") shall happen, that is to say:
- 6.1. Default shall be made in the payment of the principal of any Note, with the premium thereon, if any, when and as the same shall become due and payable, whether at maturity or at a date fixed for prepayment or by acceleration or otherwise; or
- 6.2. Default shall be made in the payment of any installment of interest on any Note when and as the same shall become due and payable, and such default shall have continued for a period of ten days; or
- 6.3. Default shall be made in the payment of the principal of or interest on any other obligation for borrowed money beyond any grace period provided in such other obligation or in the performance of any other term, condition or covenant of such obligation or the agreement creating such obligation the effect of which is to cause, or permit the holder of such obligation to cause, such obligation to become due prior to its stated maturity; or
- 6.4. Default shall be made in the observance of any of the provisions of Paragraphs 3.8, 3.9, 3.10, 3.12, 3.13 (insofar as it applies to 3.9), 3.14, 3.17 or 3.18, above; or
- 6.5. Default shall be made in the due performance or observance of any other covenant, agreement or provision herein to be performed or observed by the Company and such default shall have continued for a period of sixty days after written notice thereof to the Company from you; or
  - 6.6. The Company or any subsidiary shall be involved in financial difficulties as evidenced:
  - (a) by an admission in writing by the Company or any subsidiary of inability to pay debts generally as they become due;
  - (b) by the Company's or any subsidiary's filing a petition in bankruptcy or for reorganization or for the adoption of an arrangement under the Bankruptcy Act (as now in effect or in the future amended) or an admission seeking the relief therein provided;
  - (c) by the Company's or any subsidiary's making an assignment for the benefit of creditors;
  - (d) by the Company's or any subsidiary's consenting to the appointment of a receiver or trustee for all or a substantial part of its property or to the filing of a petition against it under said Bankruptcy Act;
    - (e) by the Company's or any subsidiary's being adjudicated a bankrupt;
  - (f) by the entry of a court order appointing a receiver or trustee for all or a substantial part of the property of the Company or any subsidiary or approving as filed in good faith a petition filed against the Company or any subsidiary under said Bankrutpey Act (in both cases without the consent of the Company or such subsidiary), which order shall not have been vacated or set aside or otherwise terminated within ninety days from the date of entry or shall have been unstayed for a period of ninety days;
  - (g) by the assumption of custody or sequestration by a court of competent jurisidiction of all or substantially all the property of the Company or any subsidiary, which custody or sequestration shall not have been terminated within ninety days from its assumption or shall have been unsuspended for a period of ninety days; or
  - (h) by an attachment being made on any substantial part of the property or assets of the Company or any subsidiary which shall not be discharged within ninety days from the making thereof;

then and in each and every such case the holder or holders of 10% of the Notes then unpaid may by notice in writing to the Company declare the unpaid balance of the Notes to be forthwith

due and payable and thereupon such balance shall become so due and payable without any presentment, protest or further demand or notice of any kind, all of which are hereby expressly waived.

This Paragraph 6, however, is subject to the condition that, if at any time after the principal of the Notes shall have become so due and payable, and before any judgment or decree for the payment of the moneys so due, or any thereof, shall be entered, all arrears of interest upon all the Notes and all other sums payable under the Notes (except the principal of the Notes which by such declaration shall have become payable) shall have been duly paid, and every other default and event of default with respect to any covenant or provision of this Agreement shall have been made good or cured, then and in each and every such case the holder or holders of 663/3% in aggregate principal amount of the Notes then unpaid may, by written instrument filed with the Company, rescind and annul such declaration and its consequences; but no such rescission or annulment shall extend to or affect any subsequent default or event of default or impair any right consequent thereon.

If any holder of a Note shall demand payment thereof or take any other action in respect of an event of default, the Company will forthwith give written notice thereof, specifying such action and the nature of the event of default, to each holder of record of the Notes then outstanding. The Company will also give prompt written notice to each holder of record of the Notes at the time outstanding of any written instrument of rescission or annulment filed with, it as aforesaid.

The Company covenants that, if default be made in any payment of principal of, or premium or interest on, any Note, it will pay to the person entitled to receive such payment such further amount as shall be sufficient to cover the cost and expense of collection, including reasonable compensation to the attorneys and counsel of such person for all services rendered in that connection.

No course of dealing between the Company and any holder of any Note or any delay on the part of any holder of any Note in exercising any rights thereunder or hereunder shall operate as a waiver of any rights of any holder of any Note.

- 7. Your obligation to purchase and pay for the Notes to be purchased by you hereunder shall be subject to the performance by the Company of all its agreements to be performed hereunder prior to the time of delivery, to the accuracy of its representations and warranties herein contained at the time of delivery, and to the satisfaction, prior to or at the time of delivery, of the following further conditions:
  - (a) You shall have received from Messrs. Sullivan & Cromwell, your special counsel in connection with this transaction, a favorable opinion (dated as of the time of delivery) in form and substance satisfactory to you:
    - (i) as to the due organization and existence in good standing of the Company;
    - (ii) to the effect that the Notes have been duly authorized, executed and delivered and are the valid and binding obligations of the Company entitled to the benefits of this Agreement;
    - (iii) to the effect that this Agreement has been duly authorized, executed and delivered by the Company and (assuming that it has been duly authorized, executed and delivered by you) constitutes a valid and binding agreement of the Company;
    - (iv) to the effect that no consent, approval, authorization or other action is required to be obtained by the Company from any governmental agency in connection with the issue and sale of the Notes or the entering into or performance of this Agreement;
    - (v) to the effect that it is not necessary, in connection with the issue and sale of the Notes being purchased by you to register the same under the Securities Act of 1933 or to qualify an indenture in respect thereof under the Trust Indenture Act of 1939, and

that if you should in the future deem it expedient to sell any of such Notes (which you do not now contemplate) such sale would be an exempted transaction under the Securities Act of 1933, as now in effect, and would not of itself require registration of such Notes under said Securities Act or qualification of any indenture under said Trust Indenture Act, provided that at the time of such sale you do not control, are not controlled by, and are not under common control with, the Company, or, if such control then exists, that such sale is not made to or through an underwriter as defined in the Securities Act of 1933, as now in effect; and

- (vi) as to such other matters incident to the transaction herein contemplated as you may reasonably request.
- (b) You shall have received from Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, counsel for the Company, a favorable opinion or opinions (dated as of the time of delivery), in form and substance satisfactory to you and your special counsel:
  - (i) to the effect specified in subdivisions (i) to (vi), inclusive, of subparagraph (a), above:
  - (ii) to the effect that 1,000,000 shares of Common Stock and 40,000 shares of Preferred Stock have been duly and validly authorized, issued and sold and are validly outstanding;
  - (iii) to the effect that the business and all of the assets and properties, real, personal and mixed, tangible and intangible, of whatsoever nature and character and wheresoever situated, interests and rights of each of the acquired companies, including, but not limited to, all of the assets and properties reflected in the respective balance sheet of such company as of October 31, 1948 included in the above-mentioned Registration Statement and the patents, formulae, manufacturing processes, trade-marks, trade-names, good-will and corporate names of such company have been duly and validly acquired and that the Company has good and merchantable title thereto, free and clear of all liens, encumbrances and adverse claims except, in the case of real properties, liens of current taxes and assessments not yet due and payable and certain minor easements and restrictions of record which will not materially detract from the value of such properties or materially interfere with their use in the conduct of the business to be carried on by the Company;
  - (iv) as to the right of the Company to own and operate the properties acquired from the acquired companies and to carry on the respective businesses of the acquired companies, all as and in the places where such properties are owned and operated and such businesses conducted;
  - (v) as to the proper affixation and cancellation of United States documentary tax stamps in the amount required by law in connection with the issue and sale of the Notes; and
  - (vi) to the effect that the Company is duly qualified to do business as a foreign corporation and is in good standing in the States of California, Florida, Georgia, Illinois, Massachusetts, Missouri, New Jersey, New York, Ohio and Wisconsin, and that such States are the only states in which the nature of the business to be conducted by the Company makes such qualification necessary; except that qualification of the Company in the State of Texas will be required, all necessary arrangements for which qualification to been made.
- (c) All states of fact which are represented and warranted by the Company in Paragraphs 1.1 to 1.9, inclusive, Paragraph 9 and Paragraph 13 hereof to exist on the date hereof shall have continued to exist from the date hereof to and including the time of delivery and all action represented and warranted in such Paragraphs as to be taken by the Company after the

date hereof shall have been duly taken as so represented and warranted, and the Company shall have delivered to you at the time of delivery an appropriate certificate to such effect, signed by its President or a Vice-President.

- (d) At no time subsequent to the date of this Agreement shall the Company have taken or permitted any action which it is prohibited from taking or permitting, or omitted or permitted the omission of any action which it is required to take or cause to be taken, by this Agreement, and the Company shall have delivered to you at the time of delivery an appropriate certificate to such effect, signed by its President or a Vice-President.
- (e) All proceedings to be taken in connection with the transactions contemplated by this Agreement to be consummated at or prior to the time of delivery, and all documents incident thereto, shall be satisfactory in form and substance to you and your special counsel and you shall have received copies of all documents which you may have reasonably requested in connection with said transactions and all corporate proceedings in connection therewith in form and substance satisfactory to you and your special counsel.
- (i) The Company shall have received total net cash proceeds after deducting all related expenses of not less than \$9,675,000 from the issue and sale of 1,000,000 shares of Common Stock to the public and 40,000 shares of Preferred Stock to the public and shall have applied such net proceeds, together with not in excess of \$1,250,000 of the proceeds from the issue and sale of the Notes to (a) the acquisition of and full payment for the businesses, assets and properties, subject to the liabilities shown on the respective balance sheets as of October 31, 1948 included in the above-mentioned Registration Statement or for which reserves have been set up on said balance sheets (only to the extent of such reserves), of the acquired companies as described in Paragraphs 1.2, 1.3 and 1.5 hereof, or (b) the full payment of the Company's demand notes permitted under clause (xi) of Paragraph 3.8, above, theretofore issued in consideration of the transfer to it of such businesses, assets and properties.
- 8. Any provision in this Agreement to the contrary notwithstanding, changes in or additions to this Agreement may be made and/or compliance with any covenant or condition herein set forth may be omitted, if the Company (i) shall theretofore obtain from the holders of record of at least 66½% in aggregate principal amount of all Notes at the time unpaid their consent thereto in writing (except as the provisions of Paragraph 3.10 require a larger percentage) and (ii) shall deliver copies of such consent in writing to any such holders of record who did not execute the same; provided, however, that no such consent shall be effective to reduce the principal of, or the premium or rate of interest payable on, any Note, or to postpone any date fixed for the payment of principal of, or any installment of interest on, any Note, without the consent of the holder thereof, or to reduce the percentage of the principal amount of the Notes the consent of the holders of which shall be required under this Paragraph 8.
- 9. The Company represents and warrants that it has not retained or offered to retain, approached, negotiated with or otherwise made any commitment to any person or persons whomsoever other than Reynolds & Co., as agent, broker or finder in connection with the Notes or any other substantially similar security. The Company will indemnify and hold you harmless from and against the claims and demands of any person or persons for a fee, compensation or commission for services as broker, agent, finder or otherwise in connection with this transaction.
- 10. All covenants, agreements, representations and warranties made herein and in the Notes and in certificates delivered pursuant hereto shall survive the execution and delivery to you of the Notes being purchased by you and your payment therefor (and the execution and delivery to you of any obligations issued in exchange therefor), notwithstanding any investigation made by you or on your behalf.
- 11. The Company will reimburse you for any out-of-pocket expenses incurred by you and will pay the reasonable fees and disbursements of Messrs. Sullivan & Cromwell as your special counsel in connection with the preparation of this Agreement and with the issue and sale of the Notes, including the furnishing of any opinions which you may request of such counsel on questions

incident to the transaction. The Company agrees to pay, and save you harmless against hability for the payment of, any Federal documentary stamp taxes, together with any interest and penalties thereon, which may be determined to be payable in respect of the execution and delivery of any Note or Debenture issued pursuant to this Agreement.

12. Any notice or demand to be given to or served upon the Company in connection herewith shall be deemed to have been sufficiently given or served for all purposes by being sent via registered mail, postage prepaid, addressed to Affiliated Gas Equipment, Inc., 17825 St. Clair Avenue, Cleveland 13. Ohio, or, it any other address shall at any time be designated by the Company in writing to all persons who are holders of record of the Notes at the time of such designation, to such other address.

Your acceptance of this Agreement will serve as a designation in writing of the address to which this Agreement is addressed as your address for the purposes hereof until you shall notify the Company of a different address.

13. This Agreement is made with you by the Company in reliance upon your representation to the Company, which by your acceptance hereof you confirm, that you are acquiring the Notes being purchased by you for your own account for investment and not with a view to the distribution thereof, and that you have no present intention of distributing or reselling such Notes, subject, nevertheless, to any requirement of law that the disposition of your property shall at all times be within your own control.

The Company represents and warrants that each of the other purchasers named in Exhibit B hereto attached is entering into an agreement with it identical in all respects with this Agreement and that the Company has not, either directly or indirectly, endeavored to procure all or any part of the loan being made by you pursuant to this Agreement or any substantially similar loan from, or offered or attempted to dispose of any of the Notes or any substantially similar securities to, or solicited any offers to make all or any part of such loan or any substantially similar loan or to acquire any such Notes or any substantially similar securities evidencing all or any part of such loan or any substantially similar loan from, or otherwise approached or negotiated in respect thereof with any person or persons except you and not more than eight other institutional investors, including the other purchasers of the Notes named in Exhibit B hereto attached.

- 14. All of the terms and provisions of this Agreement shall bind and enure to the benefit of the parties hereto and their respective successors and assigns, except that the terms and provisions of Paragraphs 4 and 5, above, shall enure only to your benefit as an original holder of the Notes.
- 15. This Agreement shall be construed and enforced in accordance with the laws of the State of New York.

If the foregoing is in accordance with your understanding of our agreement, please sign the form of confirmation and acceptance on the enclosed counterpart of this Agreement and return the same to the Company, whereupon this Agreement will become and evidence the binding agreement between you and the Company.

Very truly yours,

Affiliated Gas Equipment, Inc.

By Lyle C. Harvey
President

The foregoing agreement is hereby confirmed and accepted as of the date first above-mentioned.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
By HOMER N. CHAPIN
Vice-President

#### EXHIBIT A

# AFFILIATED GAS EQUIPMENT, INC.

Promissory Note

, 1949

FOR VALUE RECEIVED, the undersigned, AFFILIATED GAS EQUIPMENT, INC. (herein called the "Company"), a corporation organized and existing under the laws of the State of Delaware, hereby promises to pay to , or order, the principal sum of Dollars on February 1, 1964, with interest on the unpaid balance thereof.

payable semi-annually on the first day of August and February in each year commencing with August 1, 1949, at the rate of 4% per annum from the date hereof until the principal hereof shall have become due and payable and thereafter at the rate of 6% per annum.

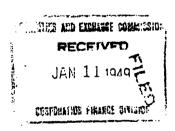
Payments of both principal and interest on this Note are to made at the office of , or such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States.

This Note has been issued under an Agreement dated January 6, 1949 between the Company and the payee hereof to which Agreement reference is hereby made for the terms upon which this Note is issued and the rights of the holder of this Note under said Agreement. This Note is subject to obligatory periodic partial and optional full or partial prepayment on the terms and subject to the conditions set forth in said Agreement.

In case an event of default, as defined in said Agreement, shall occur and be continuing, the principal of this Note and of all other Notes of the Company of like tenor and effect may be declared due and payable by the holder hereof or of any such Note, in the manner and with the effect provided in said Agreement.

Affiliated Gas Equipment, Inc.

Ву	••••••	President
Ву		Treasurer



# Ехнівіт В

Massachusetts Mutual Life Insurance Company	\$2,000,000
The Penn Mutual Life Insurance Company	\$1,500,000
State Mutual Life Assurance Company of Worcester	\$ 500,000

Exhibit 7(b)

## AFFILIATED GAS EQUIPMENT, INC.

New York, N. Y., January 6, 1949

THE PENN MUTUAL LIFE INSURANCE Co., Independence Square, Philadelphia 5, Pa.

Dear Sirs:

(

Affiliated Gas Equipment, Inc., a Delaware corporation (hereinafter sometimes called the "Company"), hereby confirms its agreement with you as follows:

- 1. The Company represents, warrants and agrees that:
- 1.1. The Company is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware.
- 1.2. The Company proposes to register under the Securities Act of 1933 1,025,000 shares of its Common Stock of the par value of \$1 per share (hereinafter called the "Common Stock"), 40,000 shares of its \$3 Cumulative Preferred Stock of the par value of \$50 per share (hereinafter called the "Preferred Stock") with attacked Non-Detachable Common Stock Purchase Warrants (hereinafter called the "Warrants") and 40,000 shares (plus an indeterminate number of additional shares) of Common Stock, together with scrip certificates for fractional shares, for issuance upon exercise of the Warrants, with a view to a public offering of 1,000,000 shares and to an offering to certain officers and employees of the Company of 25,000 shares of Common Stock and to a public offering of 40,000 shares of Preferred Stock with attached Warrants. There are delivered to you herewith, appropriately marked for identification, a signed copy, with the Accountants' Reports signed by Messrs. Ernst & Ernst, of the Registration Statement (Form S-1), including Exhibits, with respect to the Common and Preferred Stock, as filed with the Securities and Exchange Commission on December 6, 1948, a signed copy, with the Accountants' Reports signed by Messrs. Ernst & Ernst, of the First Amendment, including Exhibits, to said Registration Statement, as filed with the said Commission on December 28, 1948 and a signed copy, with the Accountants' Reports signed by Messrs. Ernst & Ernst, of the Second Amendment, including Exhibits, to said Registration Statement, as filed with the said Commission on January 5, 1949. Within three days after filing any further or additional amendment to said Registration Statement, including any post-effective amendment, or any supplement to the Prospectus forming a part of said Registration Statement, the Company will furnish you with a signed copy of such amendment (with the Accountants' Reports, if revised, signed by Messrs. Ernst & Ernst) or a copy of such supplement certified by the Secretary or an Assistant Secretary of the Company as being in the form filed with the Securities and Exchange Commission. Said Registration Statement and Prospectus, as of the effective date of said Registration Statement, will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

There have been furnished to you signed reports of independent public accountants with respect to the Company and the companies to be acquired from Dresser Industries, Inc., hereinafter mentioned, such reports including a balance sheet of the Company and of each of the companies so to be acquired as of October 31, 1948 and statements of income and expense of the companies so to be acquired for the five years ended on that date. Said financial statements are correct and complete and fairly present the respective financial conditions of the Company and the companies so to be acquired at the balance sheet date and (excepting the Company) the respective results

of their operations for the period covered thereby. Said financial statements have been prepared in accordance with sound accounting practice applied on a basis consistent with that of the preceding year (except in the case of the Company, which was incorporated on August 7, 1948), subject to any comments and notes contained in said reports.

- 1.3. As set forth in said Registration Statement, the Company proposes to acquire, for an aggregate consideration not exceeding \$11,000,000, all of the assets, subject to the liabilities shown on the respective balance sheets as of October 31, 1948 included in said Registration Statement or for which reserves have been set up on said balance sheets (but only to the extent of such reserves), of Bryant Heater Company, an Ohio corporation, Day & Night Manufacturing Company. a California corporation, and Payne Furnace Company, a California corporation (hereinafter called the "acquired companies"). There has been and prior to the time of delivery hereinafter mentioned there will be no material adverse change in the business, affairs or properties or in the condition, financial or otherwise, of the Company or of any of the acquired companies since October 31. 1948, the date of the balance sheets of the Company and of the acquired companies included in said Registration Statement, except that the Company may become indebted to the acquired companies on demand notes of the Company payable to the order of the acquired companies in amounts equal to the respective purchase prices of the assets thereof if and to the extent that such indebtedness shall be forthwith fully paid and satisfied through the application of the total net proceeds of the sale of 1,000,000 shares of Common Stock to the public and of 40,000 shares of Preferred Stock to the public and through the application of not exceeding \$1,250,000 from the proceeds of the sale of the Company's promissory notes referred to in Paragraph 1.6 hereof.
- 1.4. The business, affairs, properties and condition of the respective acquired companies and the proposed business and operations of the Company are fully and accurately set forth in said Registration Statement.
- 1.5. At the time of delivery hereinafter mentioned, the Company will have duly and validly acquired and will have good and merchantable title to all of the assets and properties, real, personal and mixed, tangible and intangible, of whatsoever nature and character and wheresoever situated, interests and rights of the acquired companies, including, but not limited to, patents, formulae, manufacturing processes, trade-marks, trade-names, good-will and the respective corporate names of the acquired companies, free of liens, encumbrances and adverse claims, except, in the case of real property, liens of current taxes and assessments not yet due and payable and certain minor easements and restrictions of record which will not materially detract from the value of such property or materially impair the use thereof in the conduct of the business to be carried on by the Company, will have the corporate power to own such assets and properties and to carry on the respective businesses of the acquired companies as theretofore conducted by them, will be duly qualified to do business and in good standing in every state (except Texas) in which the nature of the business to be conducted makes such qualification necessary, namely, California, Florida, Georgia, Illinois, Massachusetts, Missouri, New Jersey, New York, Ohio and Wisconsin and will, at the earliest practicable date, become qualified in the State of Texas.
- 1.6. The Company by appropriate and all required corporate action has duly authorized the issuance and sale of and proposes to issue and sell its promissory notes in the aggregate principal amount of \$4,000,000. As used in this Agreement the term "Notes" shall mean the promissory notes of the Company referred to in Paragraph 2 hereof (and any promissory notes of the Company issued in exchange therefor) and such debentures of the Company, if any, as may be issued pursuant to Paragraph 5 hereof.
- 1.7. There are no actions, suits or proceedings pending or, to the knowledge of the Company or any of the acquired companies, threatened against or affecting the Company or any of the acquired companies at law or in equity or before or by any Federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or

foreign, which, in the opinion of the Company or any of the acquired companies, involve the possibility of any judgment or liability not fully covered by insufance, of which may result in any material adverse change in the business, properties or assets or in the condition, financial or otherwise, of the Company or of any of the acquired companies.

- 1.8. Performance of and compliance with the provisions of this Agreement and of the Notes will not violate any provision of any applicable law or of the Certificate of Incorporation or By-Laws of the Company and will not conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the properties or assets of the Company or any of the acquired companies pursuant to the terms of any indenture, mortgage, deed of trust or other agreement or instrument to which the Company or any of the acquired companies is now a party.
- 1.9. Neither the Company nor any of the acquired companies is now, or since April 7, 1940 has been, a "national" as defined in Executive Order No. 8389, as amended, of the President of the United States of America, issued pursuant to Section 5(b) of the Act of October 6, 1917, as amended, of any foreign country designated in said Executive Order, as amended.
- 2. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company hereby agrees to issue and sell to you and you hereby agree to purchase and pay for, at 100% of the principal amount thereof. Notes of the Company in the aggregate principal amount set forth opposite your name in Exhibit B hereto attached. In addition to the other terms and conditions herein set forth, your obligation to purchase and pay for such aggregate principal amount of the Company's Notes shall be subject to the purchase by the other two several purchasers named in Exhibit B of the respective aggregate principal amounts of the Company's Notes set forth opposite their respective names in said Exhibit and payment therefor at the same time and on the same terms. The time for the delivery of the Notes and payment therefor (herein called the "time of delivery") shall, subject to the other terms and conditions hereof, be such time prior to March 1, 1949 and at or after the sale of the 1,000,000 shares of Common Stock to the public and of the 40,000 shares of Preferred Stock to the public and at or after the acquisition of and payment for the assets of the acquired companies by the Company as the Company shall fix by telegraphic notice (to be confirmed in writing) delivered to you and each of the other such purchasers at least 3 full business days in advance. The Company shall also specify in such notice where in New York City such delivery and payment are to be made. Payment shall be made by you by your certified check against delivery by the Company of its Notes in such denominations, aggregating the principal amount being purchased by you, as you shall by prior written notice to the Company specify.
- 2.1. The Notes initially issued shall be dated the date of their issue, shall mature February 1, 1964, shall bear interest from the date thereof on the unpaid balance thereof payable in semi-annual installments on the first day of August and February in each year, commencing with August 1, 1949, at the rate of 4% per annum until the principal thereof shall have become due and payable, and thereafter at the rate of 6% per annum and shall be substantially in the form of Exhibit A hereto attached. The Company agrees that it will, as soon as reasonably possible after the receipt of a written request therefor, upon surrender of a Note or Notes by the holder thereof and in exchange therefor, execute and deliver at its expense another Note or other Notes in an aggregate principal amount equal to the unpaid principal amount of the Note or Notes so surrendered, bearing interest from the date to which interest shall have been paid on the Note or Notes so surrendered.
- 2.2. The Company shall be required to make the payments on account of the principal of the Notes specified in Paragraphs 2.2.1, 2.2.2, and 2.2.4, below, and shall have the right, at its option, to make any or all of the prepayments on account of the principal of the Notes specified in Paragraphs 2.2.3, 2.2.5, 2.2.6 and 2.3 below.

- 2.2.1. On February 1 in each of the years 1950 to 1963, inclusive, so long as any principal of the Notes shall remain unpaid, the Company will pay, without premium, on account of the principal of the Notes, the sum of \$200,000 or, in the case of the final such payment, the amount of the unpaid principal balance if it shall be less than \$200,000, together in every case with interest on the amount so paid on account of principal to the date of payment.
- 2.2.2. On April 15, 1951, the Company will pay, without premium, on account of the principal of the Notes, a sum equal to 10% (computed to the nearest \$1,000) of the net income (if any). after taxes, of the Company for the fiscal year 1950 determined in accordance with generally accepted accounting practice, as reported by a firm of independent certified public accountants of recognized standing selected by the Company (who may be the accountants regularly retained by the Company) and on April 15 of each year thereafter until (i) April 15, 1963. (ii) the payment of an aggregate of \$2,000,000 pursuant to the provisions of this Paragraph 2.2.2, or (iii) the prepayment in full of the principal of the Notes, whichever is the earlier, the Company will similarly pay, without premium, a sum equal to whichever is the lesser of the unpaid principal balance of the Notes or 10% (computed to the nearest \$1,000) of the net income (if any), after taxes, of the Company for the preceding fiscal year determined in accordance with generally accepted accounting practice, as reported by such accountants, together in every case with interest on the principal so paid to the date of payment. On or before April 15 in each year commencing with April 15, 1951 and continuing so long as payments shall be required under the provisions of this Paragraph 2.2.2, the Company shall furnish to the holders of the Notes copies of such accountants' report with respect to such net income for the preceding fiscal year. So long only as the Notes at the time outstanding shall be held by not more than five holders, the accountants selected by the Company to furnish any report pursuant to this Paragraph 2.2.2 shall be subject to approval by the holders of a majority in outstanding principal amount of the Notes.
- 2.2.3. On any date on which payment by the Company shall be required pursuant to the provisions of Paragraphs 2.2.1 or 2.2.2. hereof, the Company, on giving written notice of its intention so to do in accordance with the provisions of Paragraph 2.3 hereof, may prepay, without premium, on account of the principal of the Notes, a further amount equal to the amount so required to be paid on the particular date, together in every case with interest on the amount of the principal so paid to the date of payment.
- 2.2.4. On February 1, 1964 the Company will pay, without premium, the entire unpaid principal balance, if any, of the Notes, together with all unpaid interest thereon to such date.
- 2.2.5. In addition to the required payments and optional prepayment provided for by the provisions of Paragraphs 2.2.1, 2.2.2, 2.2.3, 2.2.6 and 2.3, the Notes shall be subject to prepayment as a whole, but not in part, at any time at the option of the Company, without premium, under the circumstances and subject to the conditions specified in Paragraph 5, below.
- 2.2.6. In the event that (i) within sixty days prior to the giving of notice of intention to prepay in accordance with the provisions of Paragraph 2.3 hereof, the Company shall have requested in writing the consent of the holder or holders of the Notes to the creation or incurring by the Company of additional indebtedness in a specified amount not permitted by the provisions of Paragraph 3.8 hereof or which would result in non-compliance with the provisions of Paragraph 3.12 hereof, such request for such consent being, and being stated in such request to be, solely for the purpose of securing additional funds for the Company, and not in whole or in part for the purpose of prepaying the Notes, (ii) the consent to such request by the holder or holders of two-thirds in principal amount of the Notes then outstanding shall not have been given within fifteen days after the delivery of such written request, and (iii) the Company shall have on hand, at the time of giving such notice of intention to prepay, a firm and bona fide commitment of a responsible lender for a loan to mature more than one year from the date thereof, or a bona fide commitment in customary form from a responsible firm of underwriters for the purchase or distribution of obligations of the Company, in every case in an amount at least equal to the

principal amount of the Notes at the time outstanding, plus the amount of the additional indebtedness specified in such written request for such consent, the Company shall have the right, at its option, to prepay the Notes, as a whole but not in part, at the principal amount thereof, together with interest thereon to the date of such prepayment. Notwithstanding any other provision of this Paragraph 2.2.6 the Company shall not be entitled to create or incur any such additional indebtedness except to the holder or holders of the Notes if such holder or holders shall be willing to provide the additional funds requested by the Company on terms as favorable as the Company could obtain elsewhere.

- 2.3. In addition to the required payments and optional prepayments provided for in Paragraph 2.2, above, the Company shall have the right at any time to prepay the Notes in full or from time to time in part, any such prepayment under this Paragraph 2.3 to be in a multiple of \$1,000, but only in each case in accordance with the following provisions:
- 2.3.1. The Company will give at least thirty days' written notice of its intention to prepay pursuant to this Paragraph 2.3 or pursuant to Paragraphs 2.2.3 and 2.2.6, above, specifying the date of such prepayment and the amount thereof, and will on that date pay the amount so specified together with interest thereon accrued to said date and the premium, if any, required by the provisions of this Paragraph 2.3.
- 2.3.2. On all prepayments made pursuant to this Paragraph 2.3 the Company shall pay a premium equal to the following percentages of the principal amount prepaid:

Period	Premium
to February 1, 1950	3.4%
February 2, 1950 to February 1, 1951	31/2%
February 2, 1951 to February 1, 1952	31/4%
February 2, 1952 to February 1, 1953	3 %
February 2, 1953 to February 1, 1954	21/4%
February 2, 1954 to February 1, 1955	
February 2, 1955 to February 1, 1956	
February 2, 1956 to February 1, 1957	
February 2, 1957 to February 1, 1958	
February 2, 1958 to February 1, 1959	
February 2, 1959 to February 1, 1960	
February 2, 1960 to February 1, 1961	1 %
February 2, 1961 to February 1, 1962	
February 2, 1962 to February 1, 1963	
February 2, 1963 to February 1, 1964	

- 2.3.3. Each notice pursuant to Paragraph 2.3.1 and all other notices to be given pursuant to this Agreement to any holder or holders of the Notes shall be mailed by registered mail to you and each of the other purchasers named in Exhibit B hereto attached; provided, however, that, if any subsequent holder of any Note shall have presented it to the Company for inspection and shall have delivered to the Company written notice and evidence satisfactory to the Company of the acquisition by such holder of such Note and designated in writing an address to which notices in respect of such Note shall be mailed, such notices shall thereafter be mailed only to such holder at such designated address.
- 2.3.4. The term "holders of record" as used herein means the persons to whom notices are to be mailed pursuant to Paragraph 2.3.3, and no reference herein to any holder of record shall affect the obligation of the Company, which is unconditional and absolute, to pay the principal of and interest and premium, if any, on the Notes when due to the lawful holder or holders thereof, without regard to the records of the Company respecting ownership.

- 2.3.5. Notice of prepayment having been given in compliance with Paragraphs 2.3.1 and 2.3.3, the Notes (or the portions thereof specified in such notice) so to be prepaid shall on the date designated in such notice become due and payable to the respective holders thereof, and from and after the date for prepayment so designated (unless the Company shall default in the payment thereof), interest on the Notes so designated for prepayment (or in the case of partial prepayment, on the portion thereof designated to be prepaid) shall cease to accrue, and upon surrender the Notes (or such portions thereof to be prepaid) will be prepaid by the Company at the prepayment price provided in this Agreement.
- 2.3.6. Upon any partial prepayment of a Note pursuant to any of the Paragraphs of this Agreement, there shall be paid to the holder the amount of such Note so to be prepaid and unpaid accrued interest in respect thereof, together with the applicable premium, if any, and either (i) such Note shall be surrendered by the holder, in which event the Company shall execute and deliver to or on the order of such holder, at the expense of the Company, a new Note for the principal amount of such Note remaining unpaid, and dated as of the date to which interest has been paid on such Note; or (ii) if the holder and the Company shall so determine, such Note need not be so surrendered, but may be made available to the Company, at the place of payment specified therein, for notation thereon of the payment of the portion of the principal so prepaid, in which case the Company shall make such notation and return such Note to or on the order of such holder.
- 2.3.7. When the entire unpaid principal amount of the Notes shall become due and payable, whether at normal maturity or by call for prepayment or by acceleration or otherwise, notwithstanding any other provision of this Agreement, the Company may (a) irrevocably deposit in trust with a bank or trust company, having a combined capital and surplus of not less than \$2,500,000, which is in good standing and has its principal office in the Borough of Manhattan. The City and State of New York or the City of Cleveland, State of Ohio, the entire amount necessary (including principal, premium, if any, and interest) to pay or prepay the Notes, as the case may be, and (b) irrevocably authorize such bank or trust company to make the funds so deposited immediately available to the holders of the Notes upon surrender thereof at such bank or trust company for payment; and in such case, if written notice of such proposed deposit shall have been given to each holder of record of the Notes at least thirty days prior thereto, the Company shall be deemed to have satisfied and discharged its obligation on the Notes.
- 2.4. All payments or prepayments of principal by the Company pursuant to any of the Paragraphs of this Agreement shall be made, in units of \$1,000, on each Note then outstanding as nearly as may be in the proportion of its unpaid principal amount to the total unpaid principal amount of the Notes then outstanding.
- 2.5. No optional prepayment pursuant to Paragraphs 2.2.3 or 2.3, above, shall be credited against or relieve the Company to any extent from its obligation to make the payments required by Paragraphs 2.2.1 and 2.2.2, above.
- 3. The Company covenants and agrees that, so long as any of the Notes are outstanding, it will comply with the following provisions:
- 3.1. The Company will make all payments of principal of and interest and premium, if any, on the Notes promptly as the same shall become due thereunder or hereunder.
- 3.2. The Company will promptly pay and discharge all taxes, assessments and governmental charges or levies of whatsoever kind or character imposed upon it or upon its income or profits, or upon any of its property, real, personal or mixed; provided, however, that the Company shall not be required to pay any such tax, assessment, charge or levy if the same shall not at the time be due and payable or can be paid thereafter without penalty or if the validity thereof shall concurrently be contested in good faith by appropriate proceedings and if the Company shall have set aside on its books reserves deemed by it adequate with respect to such tax, assessment, charge or levy; provided, further, that the Company will pay or cause to be paid all such taxes, assess-

ments, charges or levies forthwith upon the commencement of proceedings to foreclose any lien which attached as security therefor.

- 3.3. Except as permitted by Paragraph 3.10, below, the Company will keep its corporate existence, rights and franchises in full force and effect.
- 3.4. The Company will keep its properties in good repair, working order and condition, and from time to time will make all needful and proper repairs, renewals, replacements, extensions, additions, betterments and improvements thereto, so that the business carried on by the Company may be properly and advantageously conducted at all times in accordance with prudent business management.
- 3.5. The Company will keep all of its properties, assets and inventories which are of an insurable character insured by financially sound and reputable insurance companies against loss or damage by fire and other risks to the extent and in the manner customary for companies engaged in similar businesses in the same general localities.
- 3.6. The Company will keep and will cause each subsidiary to keep true books of record and account in which full, true and correct entries in accordance with sound accounting practice will be made of all dealings or transactions in relation to its business and activities; and (a) as soon as available, and in any event within sixty days after the end of each of the first three quarters of each fiscal year, will file with you and with each holder of record of 25% or more in principal amount of the Notes then outstanding, consolidated and consolidating balance sheets of the Company and its subsidiaries as at the end of such quarter and consolidated and consolidating statements of profit and logs and surplus for such quarter, setting forth in each case in comparative form figures for the corresponding period of the previous fiscal year, each in reasonable detail and each certified by the principal accounting officer of the Company, and (b) as soon as available, and in any event within one hundred and twenty days after the end of each fiscal year, will file with you and with each holder of record of 25% or more in principal amount of the Notes then outstanding, consolidated and consolidating balance sheets of the Company and its subsidiaries as at the end of such year and consolidated and consolidating statements of profit and loss and surplus for such year, setting forth in each case in comparative form figures for the previous year, each in reasonable detail and each certified by a firm of independent public accountants of recognized standing selected by the Company (who may be the accountants regularly retained by the Company) and, if the Notes at the time unpaid shall be held by not more than five holders, satisfactory to the holders of a majority in outstanding principal amount of the Notes, accompanied by a written statement of such accountants to the effect that, in making the audit necessary to said certification, they have obtained no knowledge of any default by the Company in the fulfillment of any of the covenants contained in Paragraphs 3.8 to 3.12, inclusive, 3.13 (in so far as it applies to Paragraph 3.9) and 3.14 to 3.18, inclusive, hereof, or, if the Company shall in the opinion of such accountants be in default under any of such covenants, such statement shall specify such default and the nature thereof. Such statement of such accountants concerning knowledge of any default by the Company may be based, in so far as it relates to legal matters or is dependent upon an antecedent construction of this Agreement, upon a certificate or opinion of or representations by counsel for the Company. The Company will with reasonable promptness furnish to you and to each holder of record of 25% or more in principal amount of the Notes then outstanding copies of all such financial statements, reports and returns as it shall send to its stockholders and of all regular or periodic reports which it is or may be required to file with the Securities and Exchange Commission or any governmental department, bureau, commission or agency succeeding to the functions of the Securities and Exchange Commission.
- 3.7. Within ninety days after the end of each fiscal year, the Company will furnish to you and to each holder of record of 25% or more in principal amount of the Notes then outstanding a certificate, as of the end of such fiscal year, of one of its principal executive officers to the effect that he has caused the Company's performance during such fiscal year under the provisions of

this Agreement to be reviewed and that such provisions have been fully complied with during such fiscal year, or stating any failures or deficiencies in performance.

- 3.8. The Company will not in any manner become or remain liable in respect of any indebtedness (including lending credit to, or guaranteeing the obligations of, others), except:
  - (i) indebtedness in respect of the Notes;
  - (ii) current liabilities (other than for money borrowed) incurred in the ordinary course of business;
  - (iii) indebtedness (not overdue) to banks for money borrowed in the ordinary course of business, maturing not later than twelve months after the date incurred and not extendable or renewable at the option of the obligor; provided the Company shall be free from all such indebtedness for a period of 60 consecutive days during each calendar year;
    - (iv) indebtedness (not overdue) secured by liens permitted by Paragraph 3.9, below;
  - (v) indebtedness for taxes, assessments or governmental charges or levies to the extent that payment thereof shall not at the time be required to be made in accordance with the provisions of Paragraph 3.2, above;
    - (vi) indebtedness to a subsidiary;
  - (vii) liabilities in respect of dividends declared, but, in accordance with the terms of declaration, not yet paid, by the Company;
  - (viii) that the Company may guarantee indebtedness of its purchasers to banks incurred by such purchasers to finance purchases from the Company; provided that (a) every such guarantee by the Company takes the form of and is limited solely to an undertaking by the Company to repurchase the material sold to the defaulting purchaser at the invoice price thereof, (b) the aggregate liability of the Company on all such guarantees outstanding at any time shall not exceed \$500,000, and (c) the amount of any such contingent liability shall be included as current indebtedness in any computation made for the purposes of Paragraph 3.12 hereof;
  - (ix) that the Company may guarantee obligations of any subsidiary but only to the extent such obligations are permitted under the provisions of subdivision (i) of Paragraph 3.14 hereof:
  - (x) that the Company or any subsidiary may discount or sell with recourse notes and accounts receivable; provided that (a) the aggregate contingent liability of the Company and all of its subsidiaries on all such notes and accounts receivable shall not exceed an aggregate of \$250,000 at any time-outstanding, and (b) the amount of any such contingent liability shall be included as current indebtedness in any computation made for the purposes of Paragraph 3.12 hereof; and
  - (xi) indebtedness to the acquired companies, represented by the Company's demand notes payable to the order thereof in respective amounts equal to the purchase prices of the assets thereof to be forthwith fully paid and satisfied through the application of the total net proceeds of the sale of 1,000,000 shares of Common Stock to the public and of 40,000 shares of Preferred Stock to the public and through the application of not exceeding \$1,250,000 of the proceeds from the sale of the Notes.

Notwithstanding the limitations of the foregoing provisions of this Paragraph 3.8 but subject nevertheless to the other provisions of this Agreement, the Company may acquire all, or substantially all, of the assets of any corporation subject to its liabilities whether secured or unsecured, and the Company may assume the liabilities of such other corporation; provided that (a) the Company may not make such acquisition in the case of a corporation which has indebtedness

maturing more than 12 months after the date incurred or which is renewable or extendable at the option of the obligor to a date which is more than 12 months after the date incurred unless the excess of the current assets over the current liabilities of such corporation, both determined in accordance with generally accepted accounting practice, shall, immediately prior to such acquisition, exceed a sum equal to 200% of such indebtedness maturing more than 12 months after the date incurred or so extendable or renewable at the option of the obligor and (b) the Company shall not be relieved of its obligation under subdivision (iii) of this Paragraph 3.8 to be free from all current indebtedness for money borrowed in the ordinary course of business for a period of 60 consecutive days during each calendar year.

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- 3.9. The Company will not create or incur or suffer to be created or incurred or to exist any mortgage, pledge, encumbrance, lien or charge of any kind upon any of its property or assets of any character (including, without limiting the generality of the foregoing, machinery and fixtures, inventories and accounts receivable), whether owned at the date hereof or hereafter acquired, or transfer any of such property or assets for the purpose of subjecting the same to the payment of obligations in priority to payment of its general creditors, or acquire or agree to acquire any property or assets upon conditional sales agreement or other title retention agreement; and the Company will not suffer to exist for a period of more than thirty days after the same shall have been incurred any indebtedness or liability of or claims or demands against it which, if unpaid, might (in the hands of the person then holding the same or in the hands of any person who shall have guaranteed the same or agreed, either unconditionally, conditionally or otherwise, to purchase the same) by law or upon bankruptcy or insolvency, or otherwise, be given any priority whatsoever over its general creditors; provided, however, that, notwithstanding the provisions hereinabove in this Paragraph 3.9 set forth, the Company may create or incur or suffer to be created or incurred or to exist:
  - (i) liens in respect of judgments or awards in respect of which it at any time shall in good faith be prosecuting an appeal, or proceedings for review and in respect of which it shall have secured a subsisting stay of execution pending such appeal or proceedings for review;
  - (ii) liens for taxes, assessments or governmental charges or levies, if payment of such taxes, assessments, governmental charges or levies shall not at the time be required to be made in accordance with the provisions of Paragraph 3.2, above;
  - (iii) deposits or pledges to secure payment of premiums for insurance purchased in the usual course of business, or in connection with self insurance, or to secure the performance of bids, tenders, leases or trade contracts, or to secure statutory obligations, surety or appeal bonds, or other pledges or deposits of like general nature in the ordinary course of business;
  - (iv) purchase money mortgages or other purchase money liens upon any property hereafter acquired, or mortgages or other liens on any property hereafter acquired existing at the time of acquisition thereof, whether or not assumed, provided that (x) no such mortgage or lien shall extend to or cover any other property of the Company, (y) the total principal amount of indebtedness secured by all such mortgages and liens at any time outstanding shall not exceed \$250,000, and (z) the principal amount of the indebtedness secured by any such mortgage or lien, together with all other indebtedness secured by lien on the property so acquired, shall not exceed 75% of the cost (including any such mortgage or lien) of such property or the fair value thereof at the date of acquisition, as determined by the Board of Directors of the Company, whichever shall be the lesser;
  - (v) any refunding or extension of maturity, in whole or in part of any mortgage or lien created or assumed pursuant to subdivision (iv), above, provided that the principal amount of the indebtedness refunded or extended shall not be increased and that such refunding or extended mortgage or lien shall be limited in lien to the same property that secured the mortgage or lien refunded or extended; and
  - (vi) encumbrances consisting of zoning restrictions, casements, reservations, restrictions on the use of real property or minor irregularities in titles thereto, which do not, in the

opinion of the Board of Directors of the Company, materially impair the use of such property by the Company in the operation of its business.

- 3.10. The Company, without the written consent of the holder or holders of 75% in aggregate principal amount of the Notes then unpaid, will not and will not permit any subsidiary to sell, lease, transfer or otherwise dispose of all or substantially all of its properties and assets to, or consolidate with or merge into, any other corporation, association, partnership or individual; provided, however, that (i) any subsidiary may merge or consolidate with the Company or any one or more other subsidiaries, (ii) any subsidiary may sell, lease, transfer or otherwise dispose of any of its assets to the Company or another subsidiary, (iii) the Company may merge or consolidate, or sell or dispose of all or substantially all of its assets, provided that (a) in the case of merger or consolidation, the Company shall be the continuing corporation or (b) in any such case, the successor corporation shall assume all of the obligations of the Company under this Agreement and on the Notes, including all covenants herein and therein contained, and (c) the Company or the successor corporation, as the case may be, shall not, immediately after such merger or consolidation, or such sale or other disposition, be in default under any of such obligations.
- 3.11. The Company will not make any loans or advances except to a subsidiary and will not permit any subsidiary to make any loans or advances except to another subsidiary or to the Company; provided that (i) the Company and all subsidiaries may make loans or advances not in excess of \$30,000 aggregate principal amount at any one time outstanding to officers and employees of the Company and all subsidiaries and (ii) the Company and all subsidiaries may make loans or advances not in excess of \$100,000 aggregate principal amount at any one time outstanding to suppliers of merchandise and equipment to the Company and all subsidiaries. Sales of the Company's capital stock to an employee of the Company or of any subsidiary on an installment plan shall not be considered a loan or advance within the meaning of this Paragraph 3.11.
- 3.12. The Company will maintain the excess of its current assets over its current liabilities at an amount at least equal to whichever is the greater of (i) \$4,000,000 or (ii) 150% of the aggregate amount of its outstanding indebtedness due more than twelve months thereafter or extendable or renewable, at the option of the obligor, to a date more than twelve months thereafter. For the purposes of this Paragraph 3.12, in the determination of the Company's current assets and current liabilities there shall be excluded the current assets and current liabilities of any subsidiary, all of the outstanding shares of capital stock of every class of which shall not at the time be owned, directly or indirectly, by the Company.
- 3.13. The term "subsidiary", as used herein, shall mean a corporation (including a trust or voluntary association having transferable shares) organized under the laws of the United States of America or any state thereof of which more than 50% of the shares of stock of which at the time outstanding having voting power for the election of directors, either at all times or only so long as no senior class of stock has such voting power because of defaults in dividends or because of the existence of some other default, are owned, directly or indirectly, by the Company or by its other subsidiaries or by the Company in conjunction with one or more of its other subsidiaries. While the Company shall have one or more subsidiaries, then and so long as the Company shall have any such subsidiary, the covenants of the Company in Paragraphs 3.2, 3.3, 3.4, 3.5, 3.9 and 4.1 hereof shall be deemed to include its covenant to cause each subsidiary to do, or refrain from doing, those things which the Company in such Paragraphs has agreed to do or to refrain from doing, and, for the purpose of subclause (y) of clause (iv) of Paragraph 3.9 hereof, the limitation of all indebtedness secured by mortages or liens permitted by such clause (iv) to \$250,000 shall be deemed an aggregate limitation applicable to the Company and all subsidiaries.

## 3.14. The Company will not:

(i) cause or permit a subsidiary in any manner to become or remain liable in respect of any indebtedness (including lending credit to, or guaranteeing the obligations of, others)

except (a) current liabilities (other than for money borrowed) incurred in the ordinary course of business, (b) indebtedness (not overdue) secured by liens permitted by Paragraphs 3.9 and 3.13, above, (c) indebtedness for taxes, assessments or governmental charges or levies to the extent that payment thereof shall not at the time be required to be made in accordance with the provisions of Paragraphs 3.2 and 3.13, above, (d) liabilities in respect of dividends declared but, in accordance with the terms of declaration, not yet paid by such subsidiary, and (c) indebtedness to the Company or to another subsidiary of the Company;

- (ii) cause or permit a subsidiary to issue or sell (except to the Company or to another subsidiary) any stock of such subsidiary, except that any subsidiary may issue (a) shares of its common stock to holders of its common stock entitled to receive such additional common stock as a stock dividend, (b) shares of its common stock to holders of its stock entitled to purchase such additional common stock in the exercise of a pre-emptive right to subscribe to such stock and (c) shares of its common stock as directors' qualifying shares;
- (iii) sell, assign, transfer, dispose of or in any way part with control of any indebtedness or shares of capital stock of a subsidiary, except to another subsidiary (and except to the extent, if any, required to qualify directors under any applicable law); provided, however, that all indebtedness and stock of a subsidiary owned by the Company and its other subsidiaries may be sold for cash, as an entirety, if the subsidiary of which the stock and indebtedness is so sold does not own any indebtedness of the Company or any stock or indebtedness of another subsidiary not being simultaneously disposed of as permitted by this proviso;
- (iv) cause or permit a subsidiary to dispose of any indebtedness of the Company or of another subsidiary to such subsidiary except to another subsidiary; or
- (v) cause or permit a subsidiary to purchase or otherwise acquire for a consideration any shares of any class of capital stock of the Company now or hereafter authorized.
- 3.15. As used herein, the term "current assets" shall include all assets which in accordance with generally accepted accounting practice shall be so classified, all after deduction of all reserves properly deductible from such assets in accordance with generally accepted accounting practice, including any reserves required to adjust inventories to a basis of not more than cost or current market, whichever is less, and any reserves for doubtful receivables; and shall include direct obligations of the United States of America at not more than (1) current redemption value or (2) cost or current market, whichever is less; provided, however, that such term shall not include shares of stock or bonds or other securities of any description of any person (other than direct obligations of the United States of America) or patents, patent applications, trade marks, copyrights, trade names, good-will or other similar intangibles, prepaid or deferred expenses, or unamortized discount and expense.

As used herein, the term "current liabilities" shall include, at any date as of which the amount thereof is to be determined, all indebtedness which would in accordance with generally accepted accounting practice be classified as current liabilities, but in any event including

- (a) all indebtedness, whether secured or unsecured, payable on demand or maturing not more than one year after such date, including all serial maturity and sinking fund payments required to be made within not more than one year after such date, and all guarantees of any current liabilities of any other person;
- (b) accruals for federal and other taxes and dividends declared but not yet paid (other than dividends payable in stock);
- (c) all reserves in respect of indebtedness either not having any express maturity or not maturing by its terms more than one year after such date, the validity of which is being contested.
- 3.16. The financial tests required to be met on a corporate basis by the provisions of Paragraph 3.12, above, shall, subject to the provisions of Paragraph 3.12, above, instead be required to

be met on a consolidated basis if, at the date of any such test, the Company shall have one or more subsidiaries.

- 3.17. Prior to or contemporaneously with the issue and sale of the Notes, the Company will apply the total net proceeds from the sale of the 1,000,000 shares of Common Stock to the public and of the 40,000 shares of Preferred Stock to the public to the acquisition of and payment for the assets of the acquired companies or to the payment and satisfaction of the Company's demand notes if previously issued to the order of the acquired companies in payment of the respective purchase prices of the assets thereof. The Company will not apply in excess of \$1.250,000 from the proceeds of the sale of the Notes to either or both of such purposes.
- 3.18. The Company will not declare or pay any dividend or make any distribution upon, or purchase, redeem, for sinking fund or otherwise, or otherwise acquire for a consideration, or set aside funds for any such dividend or distribution upon or purchase, redemption or other acquisition for a consideration of (such declarations or payments of dividends, distributions, purchases, redemptions, other acquisitions and setting aside of funds being collectively hereinafter referred to as "dividends"), any shares of any class of capital stock of the Company now or hereafter authorized:
  - (A) If any amount shall be due and payable at the time in respect of the principal of or interest (or premium, if any) on the Notes; or
  - (B) If the aggregate amount of dividends (including the proposed dividend), excluding any dividends paid solely in capital stock of the Company, paid subsequent to October 31, 1948 shall exceed the sum of (i) the aggregate net income of the Company carned subsequent to October 31, 1948, determined in accordance with generally accepted accounting practice, as certified in writing by the chief financial officer of the Company, (ii) the aggregate net consideration received by the Company from the sale, subsequent to October 31, 1948, of shares of any class of capital stock now or hereafter authorized of the Company (other than the 1,000,000 shares of Common Stock and the 40,000 shares of Preferred Stock referred to in Paragraph 1.2, above), and (iii) the sum of \$620,000.
- 4. Notwithstanding any provisions to the contrary contained in this agreement, so long as you shall hold any of the Notes:
- 4.1. The Company will furnish to you such interim financial reports and other reasonable information as you may from time to time request, and you shall have the right to visit and inspect any of its properties, to examine its books of account and to discuss its affairs, finances and accounts with, and be advised as to the same by, its officers, all at such reasonable times and intervals as you may desire.
- 4.2. The Company will duly and punctually pay the interest on the Notes held by you without any presentment thereof and without any notation of such payment being made thereon; and the Company will pay all amounts payable to you in respect of principal of, or premium or interest on, the Notes at your principal office at the address shown at the head of this agreement. You will, however, at any time during your regular business hours on any day when a payment of principal is due, permit the Company to make appropriate notation on any Note of the amount of principal which has been paid thereon, if the Company, at least lifteen days in advance, shall have in writing requested permission to make such notation. You agree that, if the Company shall not make such notation of any payment of principal on any Note held by you at the time such payment is made, you will promptly make such notation. You agree that, in the event you shall sell any Note, you will notify the Company in writing and will, prior to the delivery of the Note, make a notation thereon of the day to which interest has been paid on such Note and, if not theretofore made, a notation of the extent to which any payment has been made on account of the principal thereof, and will notify the Company of the name and address of the transferee of such Note.

5. The Company agrees that it will, as soon as reasonably possible after the receipt of a written request by the holder or holders of 50% or more in outstanding principal amount of the Notes, execute and deliver at its expense a trust indenture (herein called the "Indenture") to be dated as of the date of the Notes originally delivered hereunder; provided, however, that the Company, in lieu of executing and delivering an Indenture as herein provided, may, by written notice of its intention to prepay delivered to the holder of each Note at the time outstanding within sixty days after the Company's receipt of such request, elect to prepay, on a date not more than forty-five days and not less than thirty days after the date of such written notice, the entire unpaid principal amount of the Notes then outstanding, any such notice of intention to prepay and prepayment to be given and made in accordance with, and subject to, all of the provisions of Paragraph 2.3, above, except that such prepayment shall be without premium.

The Indenture shall provide for the issue thereunder of 4% Debentures of the Company (herein called the "Debentures"), bearing interest at the rate and entitled to all substantive benefits of the Notes then outstanding, the Debentures to be limited to the principal amount of the Notes outstanding at the actual date of execution of the Indenture. The Debentures shall be issuable (except in case of destroyed, lost or stolen Debentures and in case of exchanges, interchanges and transfers, of Debentures) only against surrender of Notes in an equal principal amount. The Indenture shall be made to a bank or trust company, having a combined capital and surplus of not less than \$2,500,000, which is in good standing and has its principal office in the Borough of Manhattan, The City and State of New York or in the City of Cleveland, State of Ohio, is authorized by law to exercise corporate trust powers and is subject to supervision or examination by federal or state authority.

The Indenture shall be in form-satisfactory to the holder or holders of Notes who have requested such Indenture and to Messrs. Sullivan & Cromwell or such other counsel as shall be designated by such holder or holders and shall be such as to permit such counsel to furnish to such holder or holders and to the Trustee under the Indenture an opinion to the effect that the Indenture is in form and substance in compliance with this Agreement, has been duly authorized, executed and delivered and constitutes a legal, valid and binding instrument, and to the effect that the Debentures to be issued thereunder have been duly authorized, executed, authenticated and delivered as in the Indenture provided, will constitute the legal, valid and binding obligations of the Company and be entitled to the benefits of the Indenture. The Indenture shall contain appropriate provisions setting forth the substantive provisions of the Notes and of Paragraphs 2, 3, 6 and 8 hereof and other provisions, not inconsistent with the Notes or this Agreement, which are usual in trust indentures covering the issue of corporate securities having maturities and substantive terms and provisions generally comparable to those contained in the Notes and in this Agreement.

After the execution and delivery of the Indenture, upon surrender of a Note by the holder thereof, the Company will deliver without charge to such holder, in exchange therefor, a Debenture or Debentures in an aggregate principal amount equal to the unpaid principal amount of the Note so surrendered, having the same maturity date or dates as the Note so surrendered, and of the same or a different authorized denomination or denominations and either in registered form without coupons or in coupon form, as such holder may elect, and bearing interest from the date to which interest shall have been paid on the Note so surrendered, and in such form as to permit the counsel mentioned above to furnish to such holder an opinion to the effect that the Debentures so delivered have been duly authorized, executed, authenticated and delivered as in the Indenture provided and constitute the legal, valid and binding obligations of the Company, entitled to the benefits of the Indenture.

The Company will bear all expenses, including the fees and disbursements of counsel for the holder or holders of the Notes, in connection with the preparation, execution and delivery of the Indenture and the preparation, issue and delivery to the holder or holders of the Notes (including payment of all stamp and other taxes other than any incurred by reason of transfer of title) of any Debentures to be delivered pursuant to the provisions of this Paragraph 5.

- 6. If any one or more of the following events (herein termed "events of default") shall happen, that is to say:
- 6.1. Default shall be made in the payment of the principal of any Note, with the premium thereon, if any, when and as the same shall become due and payable, whether at maturity or at a date fixed for prepayment or by acceleration or otherwise; or
- 6.2. Default shall be made in the payment of any installment of interest on any Note when and as the same shall become due and payable, and such default shall have continued for a period of ten days; or
- 6.3. Default shall be made in the payment of the principal of or interest on any other obligation for borrowed money beyond any grace period provided in such other obligation or in the performance of any other term, condition or covenant of such obligation or the agreement creating such obligation the effect of which is to cause, or permit the holder of such obligation to cause, such obligation to become due prior to its stated maturity; or
- 6.4. Default shall be made in the observance of any of the provisions of Paragraphs 3.8, 3.9, 3.10, 3.12, 3.13 (insofar as it applies to 3.9), 3.14, 3.17 or 3.18, above; or
- 6.5. Default shall be made in the due performance or observance of any other covenant, agreement or provision herein to be performed or observed by the Company and such default shall have continued for a period of sixty days after written notice thereof to the Company from you; or
  - 6.6. The Company or any subsidiary shall be involved in financial difficulties as evidenced:
  - (a) by an admission in writing by the Company or any subsidiary of inability to pay debts generally as they become due;
  - (b) by the Company's or any subsidiary's filing a petition in bankruptcy or for reorganization or for the adoption of an arrangement under the Bankruptcy Act (as now in effect or in the future amended) or an admission seeking the relicf therein provided;
  - (c) by the Company's or any subsidiary's making an assignment for the benefit of creditors;
  - (d) by the Company's or any subsidiary's consenting to the appointment of a receiver or trustee for all or a substantial part of its property or to the filing of a petition against it under said Bankruptey Act;
    - (e) by the Company's or any subsidiary's being adjudicated a bankrupt;
  - (f) by the entry of a court order appointing a receiver or trustee for all or a substantial part of the property of the Company or any subsidiary or approving as filed in good faith a petition filed against the Company or any subsidiary under said Bankrutpey Act (in both cases without the consent of the Company or such subsidiary), which order shall not have been vacated or set aside or otherwise terminated within ninety days from the date of entry or shall have been unstayed for a period of ninety days;
  - (g) by the assumption of custody or sequestration by a court of competent jurisidiction of all or substantially all the property of the Company or any subsidiary, which custody or sequestration shall not have been terminated within ninety days from its assumption or shall have been unsuspended for a period of ninety days; or
  - (h) by an attachment being made on any substantial part of the property or assets of the Company or any subsidiary which shall not be discharged within ninety days from the making thereof;

then and in each and every such case the holder or holders of 10% of the Notes then unpaid may by notice in writing to the Company declare the unpaid balance of the Notes to be forthwith due and payable and thereupon such balance shall become so due and payable without any presentment, protest or further demand or notice of any kind, all of which are hereby expressly waived.

This Paragraph 6, however, is subject to the condition that, if at any time after the principal of the Notes shall have become so due and payable, and before any judgment or decree for the payment of the moneys so due, or any thereof, shall be entered, all arrears of interest upon all the Notes and all other sums payable under the Notes (except the principal of the Notes which by such declaration shall have become payable) shall have been duly paid, and every other default and event of default with respect to any covenant or provision of this Agreement shall have been made good or cured, then and in each and every such case the holder or holders of 663/3% in aggregate principal amount of the Notes then unpaid may, by written instrument filed with the Company, rescind and annul such declaration and its consequences; but no such rescission or annulment shall extend to or affect any subsequent default or event of default or impair any right consequent thereon.

If any holder of a Note shall demand payment thereof or take any other action in respect of an event of default, the Company will forthwith give written notice thereof, specifying such action and the nature of the event of default, to each holder of record of the Notes then outstanding. The Company will also give prompt written notice to each holder of record of the Notes at the time outstanding of any written instrument of rescission or annulment filed with it as aforesaid.

The Company covenants that, if default be made in any payment of principal of, or premium or interest on, any Note, it will pay to the person entitled to receive such payment such further amount as shall be sufficient to cover the cost and expense of collection, including reasonable compensation to the attorneys and counsel of such person for all services rendered in that connection.

No course of dealing between the Company and any holder of any Note or any delay on the part of any holder of any Note in exercising any rights thereunder or hereunder shall operate as a waiver of any rights of any holder of any Note.

- 7. Your obligation to purchase and pay for the Notes to be purchased by you hereunder shall be subject to the performance by the Company of all its agreements to be performed hereunder prior to the time of delivery, to the accuracy of its representations and warranties herein contained at the time of delivery, and to the satisfaction, prior to or at the time of delivery, of the following further conditions:
  - (a) You shall have received from Messrs. Sullivan & Cromwell, your special counsel in connection with this transaction, a favorable opinion (dated as of the time of delivery) in form and substance satisfactory to you:
    - (i) as to the due organization and existence in good standing of the Company;
    - (ii) to the effect that the Notes have been duly authorized, executed and delivered and are the valid and binding obligations of the Company entitled to the benefits of this Agreement;
    - (iii) to the effect that this Agreement has been duly authorized, executed and delivered by the Company and (assuming that it has been duly authorized, executed and delivered by you) constitutes a valid and binding agreement of the Company;
    - (iv) to the effect that no consent, approval, authorization or other action is required to be obtained by the Company from any governmental agency in connection with the issue and sale of the Notes or the entering into or performance of this Agreement;
    - (v) to the effect that it is not necessary, in connection with the issue and sale of the Notes being purchased by you to register the same under the Securities Act of 1933 or to qualify an indenture in respect thereof under the Trust Indenture Act of 1939, and

that if you should in the future deem it expedient to sell any of such Notes (which you do not now contemplate) such sale would be an exempted transaction under the Securities Act of 1933, as now in effect, and would not of itself require registration of such Notes under said Securities Act or qualification of any indenture under said Trust Indenture Act, provided that at the time of such sale you do not control, are not controlled by, and are not under common control with, the Company, or, if such control then exists, that such sale is not made to or through an underwriter as defined in the Securities Act of 1933, as now in effect; and

- (vi) as to such other matters incident to the transaction herein contemplated as you may reasonably request.
- (b) You shall have received from Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, counsel for the Company, a favorable opinion or opinions (dated as of the time of delivery), in form and substance satisfactory to you and your special counsel:
  - (i) to the effect specified in subdivisions (i) to (vi), inclusive, of subparagraph (a), above:
  - (ii) to the effect that 1,000,000 shares of Common Stock and 40,000 shares of Preferred Stock have been duly and validly authorized, issued and sold and are validly outstanding;
  - (iii) to the effect that the business and all of the assets and properties, real, personal and mixed, tangible and intangible, of whatsoever nature and character and wheresoever situated, interests and rights of each of the acquired companies, including, but not limited to, all of the assets and properties reflected in the respective balance sheet of such company as of October 31, 1948 included in the above-mentioned Registration Statement and the patents, formulae, manufacturing processes, trade-marks, trade-names, good-will and corporate names of such company have been duly and validly acquired and that the Company has good and merchantable title thereto, free and clear of all liens, encumbrances and adverse claims except, in the case of real properties, liens of current taxes and assessments not yet due and payable and certain minor easements and restrictions of record which will not materially detract from the value of such properties or materially interfere with their use in the conduct of the business to be carried on by the Company;
  - (iv) as to the right of the Company to own and operate the properties acquired from the acquired companies and to carry on the respective businesses of the acquired companies, all as and in the places where such properties are owned and operated and such businesses conducted;
  - (v) as to the proper affixation and cancellation of United States documentary tax stamps in the amount required by law in connection with the issue and sale of the Notes; and
- (vi) to the effect that the Company is duly qualified to do business as a foreign corporation and is in good standing in the States of California, Florida, Georgia, Illinois, Massachusetts, Missouri, New Jersey, New York, Ohio and Wisconsin, and that such States are the only states in which the nature of the business to be conducted by the Company makes such qualification necessary; except that qualification of the Company in the State of Texas will be required, all necessary arrangements for which qualification have been made.
- (c) All states of fact which are represented and warranted by the Company in Paragraphs 1.1 to 1.9, inclusive, Paragraph 9 and Paragraph 13 hereof to exist on the date hereof shall have continued to exist from the date hereof to and including the time of delivery and all action represented and warranted in such Paragraphs as to be taken by the Company after the

date hereof shall have been duly taken as so represented and warranted, and the Company shall have delivered to you at the time of delivery an appropriate certificate to such effect, signed by its President or a Vice-President.

- (d) At no time subsequent to the date of this Agreement shall the Company have taken or permitted any action which it is prohibited from taking or permitting, or omitted or permitted the omission of any action which it is required to take or cause to be taken, by this Agreement, and the Company shall have delivered to you at the time of delivery an appropriate certificate to such effect, signed by its President or a Vice-President.
- (e) All proceedings to be taken in connection with the transactions contemplated by this Agreement to be consummated at or prior to the time of delivery, and all documents incident thereto, shall be satisfactory in form and substance to you and your special counsel and you shall have received copies of all documents which you may have reasonably requested in connection with said transactions and all corporate proceedings in connection therewith in form and substance satisfactory to you and your special counsel.
- (f) The Company shall have received total net cash proceeds after deducting all related expenses of not less than \$9,675,000 from the issue and sale of 1,000,000 shares of Common Stock to the public and 40,000 shares of Preferred Stock to the public and shall have applied such net proceeds, together with not in excess of \$1,250,000 of the proceeds from the issue and sale of the Notes to (a) the acquisition of and full payment for the businesses, assets and properties, subject to the liabilities shown on the respective balance sheets as of October 31, 1948 included in the above-mentioned Registration Statement or for which reserves have been set up on said balance sheets (only to the extent of such reserves), of the acquired companies as described in Paragraphs 1.2, 3.3 and 1.5 hereof, or (b) the full payment of the Company's demand notes permitted under clause (xi) of Paragraph 3.8, above, theretofore issued in consideration of the transfer to it of such businesses, assets and properties.
- 8. Any provision in this Agreement to the contrary notwithstanding, changes in or additions to this Agreement may be made and/or compliance with any covenant or condition herein set forth may be omitted, if the Company (i) shall theretofore obtain from the holders of record of at least 66%% in aggregate principal amount of all Notes at the time unpaid their consent thereto in writing (except as the provisions of Paragraph 3.10 require a larger percentage) and (ii) shall deliver copies of such consent in writing to any such holders of record who did not execute the same; provided, however, that no such consent shall be effective to reduce the principal of, or the premium or rate of interest payable on, any Note, or to postpone any date fixed for the payment of principal of, or any installment of interest on, any Note, without the consent of the holder thereof, or to reduce the percentage of the principal amount of the Notes the consent of the holders of which shall be required under this Paragraph 8.
- 9. The Company represents and warrants that it has not retained or offered to retain, approached, negotiated with or otherwise made any commitment to any person or persons whomsoever other than Reynolds & Co., as agent, broker or finder in connection with the Notes or any other substantially similar security. The Company will indemnify and hold you harmless from and against the claims and demands of any person or persons for a fee, compensation or commission for services as broker, agent, finder or otherwise in connection with this transaction.
- 10. All covenants, agreements, representations and warranties made herein and in the Notes and in certificates delivered pursuant hereto shall survive the execution and delivery to you of the Notes being purchased by you and your payment therefor (and the execution and delivery to you of any obligations issued in exchange therefor), notwithstanding any investigation made by you or on your behalf.
- 11. The Company will reimburse you for any out-of-pocket expenses incurred by you and will pay the reasonable fees and disbursements of Messrs. Sullivan & Cromwell as your special counsel in connection with the preparation of this Agreement and with the issue and sale of the Notes, including the furnishing of any opinions which you may request of such counsel on questions

incident to the transaction. The Company agrees to pay, and save you harmless against liability for the payment of, any Federal documentary stamp taxes, together with any interest and penalties thereon, which may be determined to be payable in respect of the execution and delivery of any Note or Debenture issued pursuant to this Agreement.

12. Any notice or demand to be given to or served upon the Company in connection herewith shall be deemed to have been sufficiently given or served for all purposes by being sent via registered mail, postage prepaid, addressed to Affiliated Gas Equipment, Inc., 17825 St. Clair Avenue, Cleveland 13, Ohio, or, if any other address shall at any time be designated by the Company in writing to all persons who are holders of record of the Notes at the time of such designation, to such other address.

Your acceptance of this Agreement will serve as a designation in writing of the address to which this Agreement is addressed as your address for the purposes hereof until you shall notify the Company of a different address.

13. This Agreement is made with you by the Company in reliance upon your representation to the Company, which by your acceptance hereof you confirm, that you are acquiring the Notes being purchased by you for your own account for investment and not with a view to the distribution thereof, and that you have no present intention of distributing or reselling such Notes, subject, nevertheless, to any requirement of law that the disposition of your property shall at all times be within your own control.

The Company represents and warrants that each of the other purchasers named in Exhibit B hereto attached is entering into an agreement with it identical in all respects with this Agreement and that the Company has not, either directly or indirectly, endeavored to procure all or any part of the loan being made by you pursuant to this Agreement or any substantially similar loan from, or offered or attempted to dispose of any of the Notes or any substantially similar securities to, or solicited any offers to make all or any part of such loan or any substantially similar loan or to acquire any such Notes or any substantially similar securities evidencing all or any part of such loan or any substantially similar loan from, or otherwise approached or negotiated in respect thereof with any person or persons except you and not more than eight other institutional investors, including the other purchasers of the Notes named in Exhibit B hereto attached.

- 14. All of the terms and provisions of this Agreement shall bind and enure to the benefit of the parties hereto and their respective successors and assigns, except that the terms and provisions of Paragraphs 4 and 5, above, shall enure only to your benefit as an original holder of the Notes.
- 15. This Agreement shall be construed and enforced in accordance with the laws of the State of New York.

If the foregoing is in accordance with your understanding of our agreement, please sign the form of confirmation and acceptance on the enclosed counterpart of this Agreement and return the same to the Company, whereupon this Agreement will become and evidence the binding agreement between you and the Company.

Very truly yours,

Affiliated Gas Equipment, Inc.

By Lyle C. Harvey
President

The foregoing agreement is hereby confirmed and accepted as of the date first above-mentioned.

THE PENN MUTUAL LIFE INSURANCE CO.
By WM. W. Bodine
Financial Vice-President

#### EXHIBIT A

# AFFILIATED GAS EQUIPMENT, INC.

#### Promissory Note

, 1949

For Value Received, the undersigned, Affiliated Gas Equipment, Inc. (herein called the "Company"), a corporation organized and existing under the laws of the State of Delaware, hereby promises to pay to , or order, the principal sum of Dollars on February 1, 1964, with interest on the unpaid balance thereoi, payable semi-annually on the first day of August and February in each year commencing with August 1, 1949, at the rate of 4% per annum from the date hereof until the principal hereof shall have become due and payable and thereafter at the rate of 6% per annum.

Payments of both principal and interest on this Note are to made at the office of , or such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States.

This Note has been issued under an Agreement dated January 6, 1949 between the Company and the payee hereof to which Agreement reference is hereby made for the terms upon which this Note is issued and the rights of the holder of this Note under said Agreement. This Note is subject to obligatory periodic partial and optional full or partial prepayment on the terms and subject to the conditions set forth in said Agreement.

In case an event of default, as defined in said Agreement, shall occur and be continuing, the principal of this Note and of all other Notes of the Company of like tenor and effect may be declared due and payable by the holder hereof or of any such Note, in the manner and with the effect provided in said Agreement.

AFFILIATED GAS EQUIPMENT, INC.

President								

RECEIVED

JAN 11 1949

COSTURATION FURANCE OFFICERS

### Ехнівіт В

Massachusetts Mutual Life Insurance Company	\$2,000,000
The Penn Mutual Life Insurance Company	\$1,500,000
State Mutual Life Assurance Company of Worcester	\$ 500,000

Exhibit 7(c)

### AFFILIATED GAS EQUIPMENT, INC.

New York, N. Y., January 6, 1949

STATE MUTUAL LIFE ASSURANCE CO. OF WORCESTER,
Worcester,
Massachusetts.

Dear Sirs:

Affiliated Gas Equipment, Inc., a Delaware corporation (hereinafter sometimes called the "Company"), hereby confirms its agreement with you as follows:

- 1. The Company represents, warrants and agrees that:
- 1.1. The Company is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware.
- 1.2. The Company proposes to register under the Securities Act of 1933 1,025,000 shares of its Common Stock of the par value of \$1 per share (hereinafter called the "Common Stock"). 40,000 shares of its \$3 Cumulative Preferred Stock of the par value of \$50 per share (hereinafter called the "Preferred Stock") with attached Non-Detachable Common Stock Purchase Warrants (hereinafter called the "Warrants") and 40,000 shares (plus an indeterminate number of additional shares) of Common Stock, together with scrip certificates for fractional shares, for issuance upon exercise of the Warrants, with a view to a public offering of 1,000,000 shares and to an offering to certain officers and employees of the Company of 25,000 shares of Common Stock and to a public offering of 40,000 shares of Preferred Stock with attached Warrants. There are delivered to you herewith, appropriately marked for identification, a signed copy, with the Accountants' Reports signed by Messrs. Ernst & Ernst, of the Registration Statement (Form S-1), including Exhibits, with respect to the Common and Preferred Stock, as filed with the Securities and Exchange Commission on December 6, 1948, a signed copy, with the Accountants' Reports signed by Messrs. Ernst & Ernst, of the First Amendment, including Exhibits, to said Registration Statement, as filed with the said Commission on December 28, 1948 and a signed copy, with the Accountants' Reports signed by Messrs. Ernst & Ernst, of the Second Amendment, including Exhibits, to said Registration Statement, as filed with the said Commission on January 5, 1949. Within three days after filing any further or additional amendment to said Registration Statement, including any post-effective amendment, or any supplement to the Prospectus forming a part of said Registration Statement, the Company will furnish you with a signed copy of such amendment (with the Accountants' Reports, if revised, signed by Messrs. Ernst & Ernst) or a copy of such supplement certified by the Secretary or an Assistant Secretary of the Company as being in the form filed with the Securities and Exchange Commission. Said Registration Statement and Prospectus, as of the effective date of said Registration Statement, will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

There have been furnished to you signed reports of independent public accountants with respect to the Company and the companies to be acquired from Dresser Industries, Inc., hereinafter mentioned, such reports including a balance sheet of the Company and of each of the companies so to be acquired as of October 31, 1948 and statements of income and expense of the companies so to be acquired for the five years ended on that date. Said financial statements are correct and complete and fairly present the respective financial conditions of the Company and the companies so to be acquired at the balance sheet date and (excepting the Company) the respective results

of their operations for the period covered thereby. Said financial statements have been prepared in accordance with sound accounting practice applied on a basis consistent with that of the preceding year (except in the case of the Company, which was incorporated on August 7, 1948), subject to any comments and notes contained in said reports.

- 1.3. As set forth in said Registration Statement, the Company proposes to acquire, for an aggregate consideration not exceeding \$11,000,000, all of the assets, subject to the liabilities shown on the respective balance sheets as of October 31, 1948 included in said Registration Statement or for which reserves have been set up on said balance sheets (but only to the extent of such reserves), of Bryant Heater Company, an Ohio corporation, Day & Night Manufacturing Company. a California corporation, and Payne Furnace Company, a California corporation (hereinafter called the "acquired companies"). There has been and prior to the time of delivery hereinafter mentioned there will be no material adverse change in the business, affairs or properties or in the condition, financial or otherwise, of the Company or of any of the acquired companies since October 31, 1948, the date of the balance sheets of the Company and of the acquired companies included in said Registration Statement, except that the Company may become indebted to the acquired companies on demand notes of the Company payable to the order of the acquired companies in amounts equal to the respective purchase prices of the assets thereof if and to the extent that such indebtedness shall be forthwith fully paid and satisfied through the application of the total net proceeds of the sale of 1,000,000 shares of Common Stock to the public and of 40,000 shares of Preferred Stock to the public and through the application of not exceeding \$1,250,000 from the proceeds of the sale of the Company's promissory notes referred to in Paragraph 1.6 hereof.
- 1.4. The business, affairs, properties and condition of the respective acquired companies and the proposed business and operations of the Company are fully and accurately set forth in said Registration Statement.
- 1.5. At the time of delivery hereinafter mentioned, the Company will have duly and validly acquired and will have good and merchantable title to all of the assets and properties, real, personal and mixed, tangible and intangible, of whatsoever nature and character and wheresoever situated, interests and rights of the acquired companies, including, but not limited to, patents, formulae, manufacturing processes, trade-marks, trade-names, good-will and the respective corporate names of the acquired companies, free of liens, encumbrances and adverse claims, except, in the case of real property, liens of current taxes and assessments not yet due and payable and certain minor easements and restrictions of record which will not materially detract from the value of such property or materially impair the use thereof in the conduct of the business to be carried on by the Company, will have the corporate power to own such assets and properties and to carry on the respective businesses of the acquired companies as theretofore conducted by them, will be duly qualified to do business and in good standing in every state (except Texas) in which the nature of the business to be conducted makes such qualification necessary, namely, California, Florida, Georgia, Illinois, Massachusetts, Missouri, New Jersey, New York, Ohio and Wisconsin and will, at the earliest practicable date, become qualified in the State of Texas.
- 1.6. The Company by appropriate and all required corporate action has duly authorized the issuance and sale of and proposes to issue and sell its promissory notes in the aggregate principal amount of \$4,000,000. As used in this Agreement the term "Notes" shall mean the promissory notes of the Company referred to in Paragraph 2 hereof (and any promissory notes of the Company issued in exchange therefor) and such debentures of the Company, if any, as may be issued pursuant to Paragraph 5 hereof.
- 1.7. There are no actions, suits or proceedings pending or, to the knowledge of the Company or any of the acquired companies, threatened against or affecting the Company or any of the acquired companies at law or in equity or before or by any Federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or

foreign, which, in the opinion of the Company or any of the acquired companies, involve the possibility of any judgment or liability not fully covered by insurance, or which may result in any material adverse change in the business, properties or assets or in the condition, financial or otherwise, of the Company or of any of the acquired companies.

- 1.8. Performance of and compliance with the provisions of this Agreement and of the Notes will not violate any provision of any applicable law or of the Certificate of Incorporation or By-Laws of the Company and will not conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the properties or assets of the Company or any of the acquired companies pursuant to the terms of any indenture, mortgage, deed of trust or other agreement or instrument to which the Company or any of the acquired companies is now a party.
- 1.9. Neither the Company nor any of the acquired companies is now, or since April 7, 1940 has been, a "national" as defined in Executive Order No. 8389, as amended, of the President of the United States of America, issued pursuant to Section 5(b) of the Act of October 6, 1917, as amended, of any foreign country designated in said Executive Order, as amended.
- 2. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company hereby agrees to issue and sell to you and you hereby agree to purchase and pay for, at 100% of the principal amount thereof, Notes of the Company in the aggregate principal amount set forth opposite your name in Exhibit B hereto attached. In addition to the other terms and conditions herein set forth, your obligation to purchase and pay for such aggregate principal amount of the Company's Notes shall be subject to the purchase by the other two several purchasers named in Exhibit B of the respective aggregate principal amounts of the Company's Notes set forth opposite their respective names in said Exhibit and payment therefor at the same time and on the same terms. The time for the delivery of the Notes and payment therefor (herein called the "time of delivery") shall, subject to the other terms and conditions hereof, be such time prior to March 1, 1949 and at or after the sale of the 1,000,000 shares of Common Stock to the public and of the 40,000 shares of Preferred Stock to the public and at or after the acquisition of and payment for the assets of the acquired companies by the Company as the Company shall fix by telegraphic notice (to be confirmed in writing) delivered to you and each of the other such purchasers at least 3 full business days in advance. The Company shall also specify in such notice where in New York City such delivery and payment are to be made. Payment shall be made by you by your certified check against delivery by the Company of its Notes in such denominations, aggregating the principal amount being purchased by you, as you shall by prior written notice to the Company specify.
- 2.1. The Notes initially issued shall be dated the date of their issue, shall mature February 1, 1964, shall bear interest from the date thereof on the unpaid balance thereof payable in semi-annual installments on the first day of August and February in each year, commencing with August 1, 1949, at the rate of 4% per annum until the principal thereof shall have become due and payable, and thereafter at the rate of 6% per annum and shall be substantially in the form of Exhibit A hereto attached. The Company agrees that it will, as soon as reasonably possible after the receipt of a written request therefor, upon surrender of a Note or Notes by the holder thereof and in exchange therefor, execute and deliver at its expense another Note or other Notes in an aggregate principal amount equal to the unpaid principal amount of the Note or Notes so surrendered, bearing interest from the date to which interest shall have been paid on the Note or Notes so surrendered.
- 2.2. The Company shall be required to make the payments on account of the principal of the Notes specified in Paragraphs 2.2.1, 2.2.2, and 2.2.4, below, and shall have the right, at its option, to make any or all of the prepayments on account of the principal of the Notes specified in Paragraphs 2.2.3, 2.2.5, 2.2.6 and 2.3 below.

- 2.2.1. On February 1 in each of the years 1950 to 1963, inclusive, so long as any principal of the Notes shall remain unpaid, the Company will pay, without premium, on account of the principal of the Notes, the sum of \$200,000 or, in the case of the final such payment, the amount of the unpaid principal balance if it shall be less than \$200,000, together in every case with interest on the amount so paid on account of principal to the date of payment.
- 2.2.2. On April 15, 1951, the Company will pay, without premium, on account of the principal of the Notes, a sum equal to 10% (computed to the nearest \$1,000) of the net income (if any). after taxes, of the Company for the fiscal year 1950 determined in accordance with generally accepted accounting practice, as reported by a firm of independent certified public accountants of recognized standing selected by the Company (who may be the accountants regularly retained by the Company) and on April 15 of each year thereafter until (i) April 15, 1963. (ii) the payment of an aggregate of \$2,000,000 pursuant to the provisions of this Paragraph 2.2.2, or (iii) the prepayment in full of the principal of the Notes, whichever is the earlier, the Company will similarly pay, without premium, a sum equal to whichever is the lesser of the unpaid principal balance of the Notes or 10% (computed to the nearest \$1,000) of the net income (if any), after taxes, of the Company for the preceding fiscal year determined in accordance with generally accepted accounting practice, as reported by such accountants, together in every case with interest on the principal so paid to the date of payment. On or before April 15 in each year commencing with April 15, 1951 and continuing so long as payments shall be required under the provisions of this Paragraph 2.2.2, the Company shall furnish to the holders of the Notes copies of such accountants' report with respect to such net income for the preceding fiscal year. So long only as the Notes at the time outstanding shall be held by not more than five holders, the accountants selected by the Company to furnish any report pursuant to this Paragraph 2.2.2 shall be subject to approval by the holders of a majority in outstanding principal amount of the Notes.
- 2.2.3. On any date on which payment by the Company shall be required pursuant to the provisions of Paragraphs 2.2.1 or 2.2.2. hereof, the Company, on giving written notice of its intention so to do in accordance with the provisions of Paragraph 2.3 hereof, may prepay, without premium, on account of the principal of the Notes, a further amount equal to the amount so required to be paid on the particular date, together in every case with interest on the amount of the principal so paid to the date of payment.
- 2.2.4. On February 1, 1964 the Company will pay, without premium, the entire unpaid principal balance, if any, of the Notes, together with all unpaid interest thereon to such date.
- 2.2.5. In addition to the required payments and optional prepayment provided for by the provisions of Paragraphs 2.2.1, 2.2.2, 2.2.3, 2.2.6 and 2.3, the Notes shall be subject to prepayment as a whole, but not in part, at any time at the option of the Company, without premium, under the circumstances and subject to the conditions specified in Paragraph 5, below.
- 2.2.6. In the event that (i) within sixty days prior to the giving of notice of intention to prepay in accordance with the provisions of Paragraph 2.3 hereof, the Company shall have requested in writing the consent of the holder or holders of the Notes to the creation or incurring by the Company of additional indebtedness in a specified amount not permitted by the provisions of Paragraph 3.8 hereof or which would result in non-compliance with the provisions of Paragraph 3.12 hereof, such request for such consent being, and being stated in such request to be, solely for the purpose of securing additional funds for the Company, and not in whole or in part for the purpose of prepaying the Notes, (ii) the consent to such request by the holder or holders of two-thirds in principal amount of the Notes then outstanding shall not have been given within fifteen days after the delivery of such written request, and (iii) the Company shall have on hand, at the time of giving such notice of intention to prepay, a firm and bona fide commitment of a responsible lender for a loan to mature more than one year from the date thereof, or a bona fide commitment in customary form from a responsible firm of underwriters for the purchase or distribution of obligations of the Company, in every case in an amount at least equal to the

principal amount of the Notes at the time outstanding, plus the amount of the additional indebtedness specified in such written request for such consent, the Company shall have the right, at its option, to prepay the Notes, as a whole but not in part, at the principal amount thereof, together with interest thereon to the date of such prepayment. Notwithstanding any other provision of this Paragraph 2.2.6 the Company shall not be entitled to create or incur any such additional indebtedness except to the holder or holders of the Notes if such holder or holders shall be willing to provide the additional funds requested by the Company on terms as favorable as the Company could obtain elsewhere.

- 2.3. In addition to the required payments and optional prepayments provided for in Paragraph 2.2, above, the Company shall have the right at any time to prepay the Notes in full or from time to time in part, any such prepayment under this Paragraph 2.3 to be in a multiple of \$1,000, but only in each case in accordance with the following provisions:
- 2.3.1. The Company will give at least thirty days' written notice of its intention to prepay pursuant to this Paragraph 2.3 or pursuant to Paragraphs 2.2.3 and 2.2.6, above, specifying the date of such prepayment and the amount thereof, and will on that date pay the amount so specified together with interest thereon accrued to said date and the premium, if any, required by the provisions of this Paragraph 2.3.
- 2.3.2. On all prepayments made pursuant to this Paragraph 2.3 the Company shall pay a premium equal to the following percentages of the principal amount prepaid:

Period	•	Premium
to	February 1, 1950	334%
February 2, 1950 to	February 1, 1951	31/2%
February 2, 1951 to	February 1, 1952	31/4%
February 2, 1952 to	February 1, 1953	3 %
February 2, 1953 to	February 1, 1954	21/4%
	February 1, 1955	
	February 1, 1956	
February 2, 1956 to	February 1, 1957	2 %
February 2, 1957 to	February 1, 1958	134%
February 2, 1958 to	February 1, 1959	11/2%
February 2, 1959 to	February 1, 1960	11/4%
February 2, 1960 to	February 1, 1961	1 %
February 2, 1961 to	February 1, 1962	
February 2, 1962 to	February 1, 1963	
February, 2, 1963 to	February 1, 1964	

- 2.3.3. Each notice pursuant to Paragraph 2.3.1 and all other notices to be given pursuant to this Agreement to any holder or holders of the Notes shall be mailed by registered mail to you and each of the other purchasers named in Exhibit B hereto attached; provided, however, that, if any subsequent holder of any Note shall have presented it to the Company for inspection and shall have delivered to the Company written notice and evidence satisfactory to the Company of the acquisition by such holder of such Note and designated in writing an address to which notices in respect of such Note shall be mailed, such notices shall thereafter be mailed only to such holder at such designated address.
- 2.3.4. The term "holders of record" as used herein means the persons to whom notices are to be mailed pursuant to Paragraph 2.3.3, and no reference herein to any holder of record shall affect the obligation of the Company, which is unconditional and absolute, to pay the principal of and interest and premium, if any, on the Notes when due to the lawful holder or holders thereof, without regard to the records of the Company respecting ownership.

- 2.3.5. Notice of prepayment having been given in compliance with Paragraphs 2.3.1 and 2.3.3, the Notes (or the portions thereof specified in such notice) so to be prepaid shall on the date designated in such notice become due and payable to the respective holders thereof, and from and after the date for prepayment so designated (unless the Company shall default in the payment thereof), interest on the Notes so designated for prepayment (or in the case of partial prepayment, on the portion thereof designated to be prepaid) shall cease to accrue, and upon surrender the Notes (or such portions thereof to be prepaid) will be prepaid by the Company at the prepayment price provided in this Agreement.
- 2.3.6. Upon any partial prepayment of a Note pursuant to any of the Paragraphs of this Agreement, there shall be paid to the holder the amount of such Note so to be prepaid and unpaid accrued interest in respect thereof, together with the applicable premium, if any, and either (i) such Note shall be surrendered by the holder, in which event the Company shall execute and deliver to or on the order of such holder, at the expense of the Company, a new Note for the principal amount of such Note remaining unpaid, and dated as of the date to which interest has been paid on such Note; or (ii) if the holder and the Company shall so determine, such Note need not be so surrendered, but may be made available to the Company, at the place of payment specified therein, for notation thereon of the payment of the portion of the principal so prepaid, in which case the Company shall make such notation and return such Note to or on the order of such holder.
- 2.3.7. When the entire unpaid principal amount of the Notes shall become due and payable, whether at normal maturity or by call for prepayment or by acceleration or otherwise, notwith-standing any other provision of this Agreement, the Company may (a) irrevocably deposit in trust with a bank or trust company, having a combined capital and surplus of not less than \$2,500,000, which is in good standing and has its principal office in the Borough of Manhattan, The City and State of New York or the City of Cleveland, State of Ohio, the entire amount necessary (including principal, premium, if any, and interest) to pay or prepay the Notes, as the case may be, and (b) irrevocably authorize such bank or trust company to make the funds so deposited immediately available to the holders of the Notes upon surrender thereof at such bank or trust company for payment; and in such case, if written notice of such proposed deposit shall have been given to each holder of record of the Notes at least thirty days prior thereto, the Company shall be deemed to have satisfied and discharged its obligation on the Notes.
- 2.4. All payments or prepayments of principal by the Company pursuant to any of the Paragraphs of this Agreement shall be made, in units of \$1,000, on each Note then outstanding as nearly as may be in the proportion of its unpaid principal amount to the total unpaid principal amount of the Notes then outstanding.
- 2.5. No optional prepayment pursuant to Paragraphs 2.2.3 or 2.3, above, shall be credited against or relieve the Company to any extent from its obligation to make the payments required by Paragraphs 2.2.1 and 2.2.2, above.
- 3. The Company covenants and agrees that, so long as any of the Notes are outstanding, it will comply with the following provisions:
- 3.1. The Company will make all payments of principal of and interest and premium, if any, on the Notes promptly as the same shall become due thereunder or hereunder.
- 3.2. The Company will promptly pay and discharge all taxes, assessments and governmental charges or levies of whatsoever kind or character imposed upon it or upon its income or profits, or upon any of its property, real, personal or mixed; provided, however, that the Company shall not be required to pay any such tax, assessment, charge or levy if the same shall not at the time be due and payable or can be paid thereafter without penalty or if the validity thereof shall concurrently be contested in good faith by appropriate proceedings and if the Company shall have set aside on its books reserves deemed by it adequate with respect to such tax, assessment, charge or levy; provided, further, that the Company will pay or cause to be paid all such taxes, assess-

ments, charges or levies forthwith upon the commencement of proceedings to forcelose any lien which attached as security therefor.

- 3.3. Except as permitted by Paragraph 3.10, below, the Company will keep its corporate existence, rights and franchises in full force and effect.
- 3.4. The Company will keep its properties in good repair, working order and condition, and from time to time will make all needful and proper repairs, renewals, replacements, extensions, additions, betterments and improvements thereto, so that the business carried on by the Company may be properly and advantageously conducted at all times in accordance with prudent business management.
- 3.5. The Company will keep all of its properties, assets and inventories which are of an insurable character insured by financially sound and reputable insurance companies against loss or damage by fire and other risks to the extent and in the manner customary for companies engaged in similar businesses in the same general localities.
- 3.6. The Company will keep and will cause each subsidiary to keep true books of record and account in which full, true and correct entries in accordance with sound accounting practice will be made of all dealings or transactions in relation to its business and activities; and (a) as soon as available, and in any event within sixty days after the end of each of the first three quarters of each fiscal year, will file with you and with each holder of record of 25% or more in principal amount of the Notes then outstanding, consolidated and consolidating balance sheets of the Company and its subsidiaries as at the end of such quarter and consolidated and consolidating statements of profit and loss and surplus for such quarter, setting forth in each case in comparative form figures for the corresponding period of the previous fiscal year, each in reasonable detail and each certified by the principal accounting officer of the Company, and (b) as soon as available, and in any event within one hundred and twenty days after the end of each fiscal year, will file with you and with each holder of record of 25% or more in principal amount of the Notes then outstanding, consolidated and consolidating balance sheets of the Company and its subsidiaries as at the end of such year and consolidated and consolidating statements of profit and loss and surplus for such year, setting forth in each case in comparative form figures for the previous year, each in reasonable detail and each certified by a firm of independent public accountants of recognized standing selected by the Company (who may be the accountants regularly retained by the Company) and, if the Notes at the time unpaid shall be held by not more than five holders, satisfactory to the holders of a majority in outstanding principal amount of the Notes, accompanied by a written statement of such accountants to the effect that, in making the audit necessary to said certification, they have obtained no knowledge of any default by the Company in the fulfillment of any of the covenants contained in Paragraphs 3.8 to 3.12, inclusive, 3.13 (in so far as it applies to Paragraph 3.9) and 3.14 to 3.18, inclusive, hereof, or, if the Company shall in the opinion of such accountants be in default under any of such covenants, such statement shall specify such default and the nature thereof. Such statement of such accountants concerning knowledge of any default by the Company may be based, in so far as it relates to legal matters or is dependent upon an antecedent construction of this Agreement, upon a certificate or opinion of or representations by counsel for the Company. The Company will with reasonable promptness furnish to you and to each holder of record of 25% or more in principal amount of the Notes then outstanding copies of all such financial statements, reports and returns as it shall send to its stockholders and of all regular or periodic reports which it is or may be required to file with the Securities and Exchange Commission or any governmental department, bureau, commission or agency succeeding to the functions of the Securities and Exchange Commission.
- 3.7. Within ninety days after the end of each fiscal year, the Company will furnish to you and to each holder of record of 25% or more in principal amount of the Notes then outstanding a certificate, as of the end of such fiscal year, of one of its principal executive officers to the effect that he has caused the Company's performance during such fiscal year under the provisions of

this Agreement to be reviewed and that such provisions have been fully complied with during such fiscal year, or stating any failures or deficiencies in performance.

- 3.8. The Company will not in any manner become or remain liable in respect of any indebtedness (including lending credit to, or guaranteeing the obligations of, others), except:
  - (i) indebtedness in respect of the Notes;
  - (ii) current liabilities (other than for money borrowed) incurred in the ordinary course of business:
  - (iii) indebtedness (not overdue) to banks for money borrowed in the ordinary course of business, maturing not later than twelve months after the date incurred and not extendable or renewable at the option of the obligor; provided the Company shall be free from all such indebtedness for a period of 60 consecutive days during each calendar year;
    - (iv) indebtedness (not overdue) secured by liens permitted by Paragraph 3.9, below;
  - (v) indebtedness for taxes, assessments or governmental charges or levies to the extent that payment thereof shall not at the time be required to be made in accordance with the provisions of Paragraph 3.2, above;
    - (vi) indebtedness to a subsidiary;
  - (vii) liabilities in respect of dividends declared, but, in accordance with the terms of declaration, not yet paid, by the Company;
  - (viii) that the Company may guarantee indebtedness of its purchasers to banks incurred by such purchasers to finance purchases from the Company; provided that (a) every such guarantee by the Company takes the form of and is limited solely to an undertaking by the Company to repurchase the material sold to the defaulting purchaser at the invoice price thereof, (b) the aggregate liability of the Company on all such guarantees outstanding at any time shall not exceed \$500,000, and (c) the amount of any such contingent liability shall be included as current indebtedness in any computation made for the purposes of Paragraph 3.12 hereof:
  - (ix) that the Company may guarantee obligations of any subsidiary but only to the extent such obligations are permitted under the provisions of subdivision (i) of Paragraph 3.14 hereof;
  - (x) that the Company or any subsidiary may discount or sell with recourse notes and accounts receivable; provided that (a) the aggregate contingent liability of the Company and all of its subsidiaries on all such notes and accounts receivable shall not exceed an aggregate of \$250,000 at any time outstanding, and (b) the amount of any such contingent liability shall be included as current indebtedness in any computation made for the purposes of Paragraph 3.12 hereof; and
  - (xi) indebtedness to the acquired companies, represented by the Company's demand notes payable to the order thereof in respective amounts equal to the purchase prices of the assets thereof to be forthwith fully paid and satisfied through the application of the total net proceeds of the sale of 1,000,000 shares of Common Stock to the public and of 40,000 shares of Preferred Stock to the public and through the application of not exceeding \$1,250,000 of the proceeds from the sale of the Notes.

Notwithstanding the limitations of the foregoing provisions of this Paragraph 3.8 but subject nevertheless to the other provisions of this Agreement, the Company may acquire all, or substantially all, of the assets of any corporation subject to its liabilities whether secured or unsecured, and the Company may assume the liabilities of such other corporation; provided that (a) the Company may not make such acquisition in the case of a corporation which has indebtedness

maturing more than 12 months after the date incurred or which is renewable or extendable at the option of the obligor to a date which is more than 12 months after the date incurred unless the excess of the current assets over the current liabilities of such corporation, both determined in accordance with generally accepted accounting practice, shall, immediately prior to such acquisition, exceed a sum equal to 200% of such indebtedness maturing more than 12 months after the date incurred or so extendable or renewable at the option of the obligor and (b) the Company shall not be relieved of its obligation under subdivision (iii) of this Paragraph 3.8 to be free from all current indebtedness for money borrowed in the ordinary course of business for a period of 60 consecutive days during each calendar year.

- 3.9. The Company will not create or incur or suffer to be created or incurred or to exist any mortgage, pledge, encumbrance, lien or charge of any kind upon any of its property or assets of any character (including, without limiting the generality of the foregoing, machinery and fixtures, inventories and accounts receivable), whether owned at the date hereof or hereafter acquired, or transfer any of such property or assets for the purpose of subjecting the same to the payment of obligations in priority to payment of its general creditors, or acquire or agree to acquire any property or assets upon conditional sales agreement or other title retention agreement; and the Company will not suffer to exist for a period of more than thirty days after the same shall have been incurred any indebtedness or liability of or claims or demands against it which, if unpaid, might (in the hands of the person then holding the same or in the hands of any person who shall have guaranteed the same or agreed, either unconditionally, conditionally or otherwise, to purchase the same) by law or upon bankruptcy or insolvency, or otherwise, be given any priority whatsoever over its general creditors; provided, however, that, notwithstanding the provisions hereinabove in this Paragraph 3.9 set forth, the Company may create or incur or suffer to be created or incurred or to exist:
  - (i) liens in respect of judgments or awards in respect of which it at any time shall in good faith be prosecuting an appeal or proceedings for review and in respect of which it shall have secured a subsisting stay of execution pending such appeal or proceedings for review;
  - (ii) liens for taxes, assessments or governmental charges or levies, if payment of such taxes, assessments, governmental charges or levies shall not at the time be required to be made in accordance with the provisions of Paragraph 3.2, above;
  - (iii) deposits or pledges to secure payment of premiums for insurance purchased in the usual course of business, or in connection with self insurance, or to secure the performance of bids, tenders, leases or trade contracts, or to secure statutory obligations, surety or appeal bonds, or other pledges or deposits of like general nature in the ordinary course of business;
  - (iv) purchase money mortgages or other purchase money liens upon any property hereafter acquired, or mortgages or other liens on any property hereafter acquired existing at the time of acquisition thereof, whether or not assumed, provided that (x) no such mortgage or lien shall extend to or cover any other property of the Company, (y) the total principal amount of indebtedness secured by all such mortgages and liens at any time outstanding shall not exceed \$250,000, and (z) the principal amount of the indebtedness secured by any such mortgage or lien, together with all other indebtedness secured by lien on the property so acquired, shall not exceed 75% of the cost (including any such mortgage or lien) of such property or the fair value thereof at the date of acquisition, as determined by the Board of Directors of the Company, whichever shall be the lesser;
  - (v) any refunding or extension of maturity, in whole or in part of any mortgage or lien created or assumed pursuant to subdivision (iv), above, provided that the principal amount of the indebtedness refunded or extended shall not be increased and that such refunding or extended mortgage or lien shall be limited in lien to the same property that secured the mortgage or lien refunded or extended; and
  - (vi) encumbrances consisting of zoning restrictions, easements, reservations, restrictions on the use of real property or minor irregularities in titles thereto, which do not, in the

opinion of the Board of Directors of the Company, materially impair the use of such property by the Company in the operation of its business.

- 3.10. The Company, without the written consent of the holder or holders of 75% in aggregate principal amount of the Notes then unpaid, will not and will not permit any subsidiary to sell, lease, transfer or otherwise dispose of all or substantially all of its properties and assets to, or consolidate with or merge into, any other corporation, association, partnership or individual; provided, however, that (i) any subsidiary may merge or consolidate with the Company or any one or more other subsidiaries, (ii) any subsidiary may sell, lease, transfer or otherwise dispose of any of its assets to the Company or another subsidiary, (iii) the Company may merge or consolidate, or sell or dispose of all or substantially all of its assets, provided that (a) in the case of merger or consolidation, the Company shall be the continuing corporation or (b) in any such case, the successor corporation shall assume all of the obligations of the Company under this Agreement and on the Notes, including all covenants herein and therein contained, and (c) the Company or the successor corporation, as the case may be, shall not, immediately after such merger or consolidation, or such sale or other disposition, be in default under any of such obligations.
- 3.11. The Company will not make any loans or advances except to a subsidiary and will not permit any subsidiary to make any loans or advances except to another subsidiary or to the Company; provided that (i) the Company and all subsidiaries may make loans or advances not in excess of \$30,000 aggregate principal amount at any one time outstanding to officers and employees of the Company and all subsidiaries and (ii) the Company and all subsidiaries may make loans or advances not in excess of \$100,000 aggregate principal amount at any one time outstanding to suppliers of merchandise and equipment to the Company and all subsidiaries. Sales of the Company's capital stock to an employee of the Company or of any subsidiary on an installment plan shall not be considered a loan or advance within the meaning of this Paragraph 3.11.
- 3.12. The Company will maintain the excess of its current assets over its current liabilities at an amount at least equal to whichever is the greater of (i) \$4,000,000 or (ii) 150% of the aggregate amount of its outstanding indebtedness due more than twelve months thereafter or extendable or renewable, at the option of the obligor, to a date more than twelve months thereafter. For the purposes of this Paragraph 3.12, in the determination of the Company's current assets and current liabilities there shall be excluded the current assets and current liabilities of any subsidiary, all of the outstanding shares of capital stock of every class of which shall not at the time be owned, directly or indirectly, by the Company.
- 3.13. The term "subsidiary", as used herein, shall mean a corporation (including a trust or voluntary association having transferable shares) organized under the laws of the United States of America or any state thereof of which more than 50% of the shares of stock of which at the time outstanding having voting power for the election of directors, either at all times or only so long as no senior class of stock has such voting power because of defaults in dividends or because of the existence of some other default, are owned, directly or indirectly, by the Company or by its other subsidiaries or by the Company in conjunction with one or more of its other subsidiaries. While the Company shall have one or more subsidiaries, then and so long as the Company shall have any such subsidiary, the covenants of the Company in Paragraphs 3.2, 3.3, 3.4, 3.5, 3.9 and 4.1 hereof shall be deemed to include its covenant to cause each subsidiary to do, or refrain from doing, those things which the Company in such Paragraphs has agreed to do or to refrain from doing, and, for the purpose of subclause (y) of clause (iv) of Paragraph 3.9 hereof, the limitation of all indebtedness secured by mortages or liens permitted by such clause (iv) to \$250,000 shall be deemed an aggregate limitation applicable to the Company and all subsidiaries.

#### 3.14. The Company will not:

(i) cause or permit a subsidiary in any manner to become or remain liable in respect of any indebtedness (including lending credit to, or guaranteeing the obligations of, others)

except (a) current liabilities (other than for money borrowed) incurred in the ordinary course of business, (b) indebtedness (not overdue) secured by liens permitted by Paragraphs 3.9 and 3.13, above, (c) indebtedness for taxes, assessments or governmental charges or levies to the extent that payment thereof shall not at the time be required to be made in accordance with the provisions of Paragraphs 3.2 and 3.13, above, (d) liabilities in respect of dividends declared but, in accordance with the terms of declaration, not yet paid by such subsidiary, and (e) indebtedness to the Company or to another subsidiary of the Company;

(ii) cause or permit a subsidiary to issue or sell (except to the Company or to another subsidiary) any stock of such subsidiary, except that any subsidiary may issue (a) shares of its common stock to holders of its common stock entitled to receive such additional common stock as a stock dividend, (b) shares of its common stock to holders of its stock entitled to purchase such additional common stock in the exercise of a pre-emptive right to subscribe to such stock and (c) shares of its common stock as directors' qualifying shares;

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- (iii) sell, assign, transfer, dispose of or in any way part with control of any indebtedness or shares of capital stock of a subsidiary, except to another subsidiary (and except to the extent, if any, required to qualify directors under any applicable law); provided, however, that all indebtedness and stock of a subsidiary owned by the Company and its other subsidiaries may be sold for cash, as an entirety, if the subsidiary of which the stock and indebtedness is so sold does not own any indebtedness of the Company or any stock or indebtedness of another subsidiary not being simultaneously disposed of as permitted by this proviso;
- (iv) cause or permit a subsidiary to dispose of any indebtedness of the Company or of another subsidiary to such subsidiary except to another subsidiary; or
- (v) cause or permit a subsidiary to purchase or otherwise acquire for a consideration any shares of any class of capital stock of the Company now or hereafter authorized.
- 3.15. As used herein, the term "current assets" shall include all assets which in accordance with generally accepted accounting practice shall be so classified, all after deduction of all reserves properly deductible from such assets in accordance with generally accepted accounting practice, including any reserves required to adjust inventories to a basis of not more than cost or current market, whichever is less, and any reserves for doubtful receivables; and shall include direct obligations of the United States of America at not more than (1) current redemption value or (2) cost or current market, whichever is less; provided, however, that such term shall not include shares of stock or bonds or other securities of any description of any person (other than direct obligations of the United States of America) or patents, patent applications, trade marks, copyrights, trade names, good-will or other similar intangibles, prepaid or deferred expenses, or unamortized discount and expense.

As used herein, the term "current liabilities" shall include, at any date as of which the amount thereof is to be determined, all indebtedness which would in accordance with generally accepted accounting practice be classified as current liabilities, but in any event including

- (a) all indebtedness, whether secured or unsecured, payable on demand or maturing not more than one year after such date, including all serial maturity and sinking fund payments required to be made within not more than one year after such date, and all guarantees of any current liabilities of any other person;
- (b) accruals for federal and other taxes and dividends declared but not yet paid (other than dividends payable in stock);
- (c) all reserves in respect of indebtedness either not having any express maturity or not maturing by its terms more than one year after such date, the validity of which is being contested.
- 3.16. The financial tests required to be met on a corporate basis by the provisions of Paragraph 3.12, above, shall, subject to the provisions of Paragraph 3.12, above, instead be required to

be met on a consolidated basis if, at the date of any such test, the Company shall have one or more subsidiaries.

- 3.17. Prior to or contemporaneously with the issue and sale of the Notes, the Company will apply the total net proceeds from the sale of the 1,000,000 shares of Common Stock to the public and of the 40,000 shares of Preferred Stock to the public to the acquisition of and payment for the assets of the acquired companies or to the payment and satisfaction of the Company's demand notes if previously issued to the order of the acquired companies in payment of the respective purchase prices of the assets thereof. The Company will not apply in excess of \$1,250,000 from the proceeds of the sale of the Notes to either or both of such purposes.
- 3.18. The Company will not declare or pay any dividend or make any distribution upon, or purchase, redeem, for sinking fund or otherwise, or otherwise acquire for a consideration, or set aside funds for any such dividend or distribution upon or purchase, redemption or other acquisition for a consideration of (such declarations or payments of dividends, distributions, purchases, redemptions, other acquisitions and setting aside of funds being collectively hereinafter referred to as "dividends"), any shares of any class of capital stock of the Company now or hereafter authorized:
  - (A) If any amount shall be due and payable at the time in respect of the principal of or interest (or premium, if any) on the Notes; or
  - (B) If the aggregate amount of dividends (including the proposed dividend), excluding any dividends paid solely in capital stock of the Company, paid subsequent to October 31, 1948 shall exceed the sum of (i) the aggregate net income of the Company carned subsequent to October 31, 1948, determined in accordance with generally accepted accounting practice, as certified in writing by the chief financial officer of the Company, (ii) the aggregate net consideration received by the Company from the sale, subsequent to October 31, 1948, of shares of any class of capital stock now or hereafter authorized of the Company (other than the 1,000,000 shares of Common Stock and the 40,000 shares of Preferred Stock referred to in Paragraph 1.2, above), and (iii) the sum of \$620,000.
- 4. Notwithstanding any provisions to the contrary contained in this agreement, so long as you shall hold any of the Notes:
- 4.1. The Company will furnish to you such interim financial reports and other reasonable information as you may from time to time request, and you shall have the right to visit and inspect any of its properties, to examine its books of account and to discuss its affairs, finances and accounts with, and be advised as to the same by, its officers, all at such reasonable times and intervals as you may desire.
- 4.2. The Company will duly and punctually pay the interest on the Notes held by you without any presentment thereof and without any notation of such payment being made thereon; and the Company will pay all amounts payable to you in respect of principal of, or premium or interest on, the Notes at your principal office at the address shown at the head of this agreement. You will, however, at any time during your regular business hours on any day when a payment of principal is due, permit the Company to make appropriate notation on any Note of the amount of principal which has been paid thereon, if the Company, at least fifteen days in advance, shall have in writing requested permission to make such notation. You agree that, if the Company shall not make such notation of any payment of principal on any Note held by you at the time such payment is made, you will promptly make such notation. You agree that, in the event you shall sell any Note, you will notify the Company in writing and will, prior to the delivery of the Note, make a notation thereon of the day to which interest has been paid on such Note and, if not theretofore made, a notation of the extent to which any payment has been made on account of the principal thereof, and will notify the Company of the name and address of the transferee of such Note.

5. The Company agrees that it will, as soon as reasonably possible after the receipt of a written request by the holder or holders of 50% or more in outstanding principal amount of the Notes, execute and deliver at its expense a trust indenture (herein called the "Indenture") to be dated as of the date of the Notes originally delivered hereunder; provided, however, that the Company, in lieu of executing and delivering an Indenture as herein provided, may, by written notice of its intention to prepay delivered to the holder of each Note at the time outstanding within sixty days after the Company's receipt of such request, elect to prepay, on a date not more than forty-five days and not less than thirty days after the date of such written notice, the entire unpaid principal amount of the Notes then outstanding, any such notice of intention to prepay and prepayment to be given and made in accordance with, and subject to, all of the provisions of Paragraph 2.3, above, except that such prepayment shall be without premium.

The Indenture shall provide for the issue thereunder of 4% Debentures of the Company (herein called the "Debentures"), bearing interest at the rate and entitled to all substantive benefits of the Notes then outstanding, the Debentures to be limited to the principal amount of the Notes outstanding at the actual date of execution of the Indenture. The Debentures shall be issuable (except in case of destroyed, lost or stolen Debentures and in case of exchanges, interchanges and transfers, of Debentures) only against surrender of Notes in an equal principal amount. The Indenture shall be made to a bank or trust company, having a combined capital and surplus of not less than \$2,500,000, which is in good standing and has its principal office in the Borough of Manhattan, The City and State of New York or in the City of Cleveland, State of Ohio, is authorized by law to exercise corporate trust powers and is subject to supervision or examination by federal or state authority.

The Indenture shall be in form satisfactory to the holder or holders of Notes who have requested such Indenture and to Messrs. Sullivan & Cromwell or such other counsel as shall be designated by such holder or holders and shall be such as to permit such counsel to furnish to such holder or holders and to the Trustee under the Indenture an opinion to the effect that the Indenture is in form and substance in compliance with this Agreement, has been duly authorized, executed and delivered and constitutes a legal, valid and binding instrument, and to the effect that the Debentures to be issued thereunder have been duly authorized, executed, authenticated and delivered as in the Indenture provided, will constitute the legal, valid and binding obligations of the Company and be entitled to the benefits of the Indenture. The Indenture shall contain appropriate provisions setting forth the substantive provisions of the Notes and of Paragraphs 2, 3, 6 and 8 hereof and other provisions, not inconsistent with the Notes or this Agreement, which are usual in trust indentures covering the issue of corporate securities having maturities and substantive terms and provisions generally comparable to those contained in the Notes and in this Agreement.

After the execution and delivery of the Indenture, upon surrender of a Note by the holder thereof, the Company will deliver without charge to such holder, in exchange therefor, a Debenture or Debentures in an aggregate principal amount equal to the unpaid principal amount of the Note so surrendered, having the same maturity date or dates as the Note so surrendered, and of the same or a different authorized denomination or denominations and either in registered form without coupons or in coupon form, as such holder may elect, and bearing interest from the date to which interest shall have been paid on the Note so surrendered, and in such form as to permit the counsel mentioned above to furnish to such holder an opinion to the effect that the Debentures so delivered have been duly authorized, executed, authenticated and delivered as in the Indenture provided and constitute the legal, valid and binding obligations of the Company, entitled to the benefits of the Indenture.

The Company will bear all expenses, including the fees and disbursements of counsel for the holder or holders of the Notes, in connection with the preparation, execution and delivery of the Indenture and the preparation, issue and delivery to the holder or holders of the Notes (including payment of all stamp and other taxes other than any incurred by reason of transfer of title) of any Debentures to be delivered pursuant to the provisions of this Paragraph 5.

- 6. If any one or more of the following events (herein termed "events of default") shall happen, that is to say:
- 6.1. Default shall be made in the payment of the principal of any Note, with the premium thereon, if any, when and as the same shall become due and payable, whether at maturity or at a date fixed for prepayment or by acceleration or otherwise; or
- 6.2. Default shall be made in the payment of any installment of interest on any Note when and as the same shall become due and payable, and such default shall have continued for a period of ten days; or
- 6.3. Default shall be made in the payment of the principal of or interest on any other obligation for borrowed money beyond any grace period provided in such other obligation or in the performance of any other term, condition or covenant of such obligation or the agreement creating such obligation the effect of which is to cause, or permit the holder of such obligation to cause, such obligation to become due prior to its stated maturity; or
- 6.4. Default shall be made in the observance of any of the provisions of Paragraphs 3.8, 3.9, 3.10, 3.12, 3.13 (insofar as it applies to 3.9), 3.14, 3.17 or 3.18, above; or
- 6.5. Default shall be made in the due performance or observance of any other covenant, agreement or provision herein to be performed or observed by the Company and such default shall have continued for a period of sixty days after written notice thereof to the Company from you; or
  - 6.6. The Company or any subsidiary shall be involved in financial difficulties as evidenced:
  - (a) by an admission in writing by the Company or any subsidiary of inability to pay debts generally as they become due;
  - (b) by the Company's or any subsidiary's filing a petition in bankruptcy or for reorganization or for the adoption of an arrangement under the Bankruptcy Act (as now in effect or in the future amended) or an admission seeking the relief therein provided;
  - (c) by the Company's or any subsidiary's making an assignment for the benefit of creditors:
  - (d) by the Company's or any subsidiary's consenting to the appointment of a receiver or trustee for all or a substantial part of its property or to the filing of a petition against it under said Bankruptcy Act;
    - (e) by the Company's or any subsidiary's being adjudicated a bankrupt;
  - (f) by the entry of a court order appointing a receiver or trustee for all or a substantial part of the property of the Company or any subsidiary or approving as filed in good faith a petition filed against the Company or any subsidiary under said Bankrutpey Act (in both cases without the consent of the Company or such subsidiary), which order shall not have been vacated or set aside or otherwise terminated within ninety days from the date of entry or shall have been unstayed for a period of ninety days;
  - (g) by the assumption of custody or sequestration by a court of competent jurisidiction of all or substantially all the property of the Company or any subsidiary, which custody or sequestration shall not have been terminated within ninety days from its assumption or shall have been unsuspended for a period of ninety days; or
  - (h) by an attachment being made on any substantial part of the property or assets of the Company or any subsidiary which shall not be discharged within ninety days from the making thereof;

then and in each and every such case the holder or holders of 10% of the Notes then unpaid may by notice in writing to the Company declare the unpaid balance of the Notes to be forthwith

due and payable and thereupon such balance shall become so due and payable without any presentment, protest or further demand or notice of any kind, all of which are hereby expressly waived.

This Paragraph 6, however, is subject to the condition that, if at any time after the principal of the Notes shall have become so due and payable, and before any judgment or decree for the payment of the moneys so due, or any thereof, shall be entered, all arrears of interest upon all the Notes and all other sums payable under the Notes (except the principal of the Notes which by such declaration shall have become payable) shall have been duly paid, and every other default and event of default with respect to any covenant or provision of this Agreement shall have been made good or cured, then and in each and every such case the holder or holders of 603% in aggregate principal amount of the Notes then unpaid may, by written instrument filed with the Company, rescind and annul such declaration and its consequences; but no such rescission or annulment shall extend to or affect any subsequent default or event of default or impair any right consequent thereon.

If any holder of a Note shall demand payment thereof or take any other action in respect of an event of default, the Company will forthwith give written notice thereof, specifying such action and the nature of the event of default, to each holder of record of the Notes then outstanding. The Company will also give prompt written notice to each holder of record of the Notes at the time outstanding of any written instrument of rescission or annulment filed with it as, aforesaid.

The Company covenants that, if default be made in any payment of principal of, or premium or interest on, any Note, it will pay to the person entitled to receive such payment such further amount as shall be sufficient to cover the cost and expense of collection, including reasonable compensation to the attorneys and counsel of such person for all services rendered in that connection.

No course of dealing between the Company and any holder of any Note or any delay on the part of any holder of any Note in exercising any rights thereunder or hereunder shall operate as a waiver of any rights of any holder of any Note.

- 7. Your obligation to purchase and pay for the Notes to be purchased by you hereunder shall be subject to the performance by the Company of all its agreements to be performed hereunder prior to the time of delivery, to the accuracy of its representations and warranties herein contained at the time of delivery, and to the satisfaction, prior to or at the time of delivery, of the following further conditions:
  - (a) You shall have received from Messrs. Sullivan & Cromwell, your special counsel in connection with this transaction, a favorable opinion (dated as of the time of delivery) in form and substance satisfactory to you:
    - (i) as to the due organization and existence in good standing of the Company;
    - (ii) to the effect that the Notes have been duly authorized, executed and delivered and are the valid and binding obligations of the Company entitled to the benefits of this Agreement;
    - (iii) to the effect that this Agreement has been duly authorized, executed and delivered by the Company and (assuming that it has been duly authorized, executed and delivered by you) constitutes a valid and binding agreement of the Company;
    - (iv) to the effect that no consent, approval, authorization or other action is required to be obtained by the Company from any governmental agency in connection with the issue and sale of the Notes or the entering into or performance of this Agreement;
    - (v) to the effect that it is not necessary, in connection with the issue and sale of the Notes being purchased by you to register the same under the Securities Act of 1933 or to qualify an indenture in respect thereof under the Trust Indenture Act of 1939, and

that if you should in the future deem it expedient to sell any of such Notes (which you do not now contemplate) such sale would be an exempted transaction under the Securities Act of 1933, as now in effect, and would not of itself require registration of such Notes under said Securities Act or qualification of any indenture under said Trust Indenture Act, provided that at the time of such sale you do not control, are not controlled by, and are not under common control with, the Company, or, if such control then exists, that such sale is not made to or through an underwriter as defined in the Securities Act of 1933, as now in effect; and

- (vi) as to such other matters incident to the transaction herein contemplated as you may reasonably request.
- (b) You shall have received from Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, counsel for the Company, a favorable opinion or opinions (dated as of the time of delivery), in form and substance satisfactory to you and your special counsel:
  - (i) to the effect specified in subdivisions (i) to (vi), inclusive, of subparagraph (a), above:
  - (ii) to the effect that 1,000,000 shares of Common Stock and 40,000 shares of Preferred Stock have been duly and validly authorized, issued and sold and are validly outstanding;
  - (iii) to the effect that the business and all of the assets and properties, real, personal and mixed, tangible and intangible, of whatsoever nature and character and wheresoever situated, interests and rights of each of the acquired companies, including, but not limited to, all of the assets and properties reflected in the respective balance sheet of such company as of October 31, 1948 included in the above-mentioned Registration Statement and the patents, formulae, manufacturing processes, trade-marks, trade-names, good-will and corporate names of such company have been duly and validly acquired and that the Company has good and merchantable title thereto, free and clear of all liens, encumbrances and adverse claims except, in the case of real properties, liens of current taxes and assessments not yet due and payable and certain minor easements and restrictions of record which will not materially detract from the value of such properties or materially interfere with their use in the conduct of the business to be carried on by the Company;
  - (iv) as to the right of the Company to own and operate the properties acquired from the acquired companies and to carry on the respective businesses of the acquired companies, all as and in the places where such properties are owned and operated and such businesses conducted;
  - (v) as to the proper affixation and cancellation of United States documentary tax stamps in the amount required by law in connection with the issue and sale of the Notes; and
  - (vi) to the effect that the Company is duly qualified to do business as a foreign corporation and is in good standing in the States of California, Florida, Georgia, Illinois, Massachusetts, Missouri, New Jersey, New York, Ohio and Wisconsin, and that such States are the only states in which the nature of the business to be conducted by the Company makes such qualification necessary; except that qualification of the Company in the State of Texas will be required, all necessary arrangements for which qualification are been made.
- (c) All states of fact which are represented and warranted by the Company in Paragraphs 1.1 to 1.9, inclusive, Paragraph 9 and Paragraph 13 hereof to exist on the date hereof shall have continued to exist from the date hereof to and including the time of delivery and all action represented and warranted in such Paragraphs as to be taken by the Company after the

date hereof shall have been duly taken as so represented and warranted, and the Company shall have delivered to you at the time of delivery an appropriate certificate to such effect, signed by its President or a Vice-President.

- (d) At no time subsequent to the date of this Agreement shall the Company have taken or permitted any action which it is prohibited from taking or permitting, or omitted or permitted the omission of any action which it is required to take or cause to be taken, by this Agreement, and the Company shall have delivered to you at the time of delivery an appropriate certificate to such effect, signed by its President or a Vice-President.
- (e) All proceedings to be taken in connection with the transactions contemplated by this Agreement to be consummated at or prior to the time of delivery, and all documents incident thereto, shall be satisfactory in form and substance to you and your special counsel and you shall have received copies of all documents which you may have reasonably requested in connection with said transactions and all corporate proceedings in connection therewith in form and substance satisfactory to you and your special counsel.
- (f) The Company shall have received total net cash proceeds after deducting all related expenses of not less than \$9,675,000 from the issue and sale of 1,000,000 shares of Common Stock to the public and 40,000 shares of Preferred Stock to the public and shall have applied such net proceeds, together with not in excess of \$1,250,000 of the proceeds from the issue and sale of the Notes to (a) the acquisition of and full payment for the businesses, assets and properties, subject to the liabilities shown on the respective balance sheets as of October 31, 1948 included in the above-mentioned Registration Statement or for which reserves have been set up on said balance sheets (only to the extent of such reserves), of the acquired companies as described in Paragraphs 1.2, 1.3 and 1.5 hereof, or (b) the full payment of the Company's demand notes permitted under clause (xi) of Paragraph 3.8, above, theretofore issued in consideration of the transfer to it of such businesses, assets and properties.
- 8. Any provision in this Agreement to the contrary notwithstanding, changes in or additions to this Agreement may be made and/or compliance with any covenant or condition herein set forth may be omitted, if the Company (i) shall theretofore obtain from the holders of record of at least 60% /3% in aggregate principal amount of all Notes at the time unpaid their consent thereto in writing (except as the provisions of Paragraph 3.10 require a larger percentage) and (ii) shall deliver copies of such consent in writing to any such holders of record who did not execute the same; provided, however, that no such consent shall be effective to reduce the principal of, or the premium or rate of interest payable on, any Note, or to postpone any date fixed for the payment of principal of, or any installment of interest on, any Note, without the consent of the holder thereof, or to reduce the percentage of the principal amount of the Notes the consent of the holders of which shall be required under this Paragraph 8.
- 9. The Company represents and warrants that it has not retained or offered to retain, approached, negotiated with or otherwise made any commitment to any person or persons whomsoever other than Reynolds & Co., as agent, broker or finder in connection with the Notes or any other substantially similar security. The Company will indemnify and hold you harmless from and against the claims and demands of any person or persons for a fee, compensation or commission for services as broker, agent, finder or otherwise in connection with this transaction.
- 10. All covenants, agreements, representations and warranties made herein and in the Notes and in certificates delivered pursuant hereto shall survive the execution and delivery to you of the Notes being purchased by you and your payment therefor (and the execution and delivery to you of any obligations issued in exchange therefor), notwithstanding any investigation made by you or on your behalf.
- 11. The Company will reimburse you for any out-of-pocket expenses incurred by you and will pay the reasonable fees and disbursements of Messrs. Sullivan & Cromwell as your special counsel in connection with the preparation of this Agreement and with the issue and sale of the Notes, including the furnishing of any opinions which you may request of such counsel on questions

incident to the transaction. The Company agrees to pay, and save you harmless against liability for the payment of, any Federal documentary stamp taxes, together with any interest and penalties thereon, which may be determined to be payable in respect of the execution and delivery of any Note or Debenture issued pursuant to this Agreement.

12. Any notice or demand to be given to or served upon the Company in connection herewith shall be deemed to have been sufficiently given or served for all purposes by being sent via registered mail, postage prepaid, addressed to Affiliated Gas Equipment, Inc., 17825 St. Clair Avenue, Cleveland 13, Ohio, or, if any other address shall at any time be designated by the Company in writing to all persons who are holders of record of the Notes at the time of such designation, to such other address.

Your acceptance of this Agreement will serve as a designation in writing of the address to which this Agreement is addressed as your address for the purposes hereof until you shall notify the Company of a different address.

13. This Agreement is made with you by the Company in reliance upon your representation to the Company, which by your acceptance hereof you confirm, that you are acquiring the Notes being purchased by you for your own account for investment and not with a view to the distribution thereof, and that you have no present intention of distributing or reselling such Notes, subject, nevertheless, to any requirement of law that the disposition of your property shall at all times be within your own control.

The Company represents and warrants that each of the other purchasers named in Exhibit B hereto attached is entering into an agreement with it identical in all respects with this Agreement and that the Company has not, either directly or indirectly, endeavored to procure all or any part of the loan being made by you pursuant to this Agreement or any substantially similar loan from, or offered or attempted to dispose of any of the Notes or any substantially similar securities to, or solicited any offers to make all or any part of such loan or any substantially similar loan or to acquire any such Notes or any substantially similar securities evidencing all or any part of such loan or any substantially similar loan from, or otherwise approached or negotiated in respect thereof with any person or persons except you and not more than eight other institutional investors, including the other purchasers of the Notes named in Exhibit B hereto attached.

- 14. All of the terms and provisions of this Agreement shall bind and enure to the benefit of the parties hereto and their respective successors and assigns, except that the terms and provisions of Paragraphs 4 and 5, above, shall enure only to your benefit as an original holder of the Notes.
- 15. This Agreement shall be construed and enforced in accordance with the laws of the State of New York.

If the foregoing is in accordance with your understanding of our agreement, please sign the form of confirmation and acceptance on the enclosed counterpart of this Agreement and return the same to the Company, whereupon this Agreement will become and evidence the binding agreement between you and the Company.

Very truly yours,

AFFILIATED GAS EQUIPMENT, INC.

By Lyle C. Harvey
President

The foregoing agreement is hereby confirmed and accepted as of the date first above-mentioned.

STATE MUTUAL LIFE ASSURANCE CO. OF WORCESTER BY R. B. GORDON

Vice-President

#### Ехивит А

# AFFILIATED GAS EQUIPMENT, INC.

#### Promissory Note

, 1949

FOR VALUE RECEIVED, the undersigned. APPILIATED GAS EQUIPMENT, INC. (herein called the "Company"), a corporation organized and existing under the laws of the State of Delawate, hereby promises to pay to , or order, the principal sum of Dollars on February 1, 1964, with interest on the unpaid balance thereof, payable semi-annually on the first day of August and February in each year commencing with August 1, 1949, at the rate of 4% per annum from the date hereof until the principal hereof shall have become due and payable and thereafter at the rate of 6% per annum.

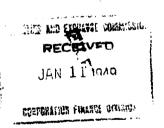
Payments of both principal and interest on this Note are to made at the office of , or such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States.

This Note has been issued under an Agreement dated January 6, 1949 between the Company and the payee hereof to which Agreement reference is hereby made for the terms upon which this Note is issued and the rights of the holder of this Note under said Agreement. This Note is subject to obligatory periodic partial and optional full or partial prepayment on the terms and subject to the conditions set forth in said Agreement.

In case an event of default, as defined in said Agreement, shall occur and be continuing, the principal of this Note and of all other Notes of the Company of like tenor and effect may be declared due and payable by the holder hereof or of any such Note, in the manner and with the effect provided in said Agreement.

AFFILIATED GAS EQUIPMENT, INC.

Ву		President
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Ву		Transver



# Ехнівіт В

Massachusetts Mutual Life Insurance Company	\$2,000,000
The Penn Mutual Life Insurance Company	\$1,500.000
State Mutual Life Assurance Company of Worcester	\$ 500,000

### Ехнівіт В

Massachusetts Mutual Life Insurance Company	\$2,000.000
The Penn Mutual Life Insurance Company	\$1,500.000
State Mutual Life Assurance Company of Worcester	\$ 500,000

# McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett

Law Offices

Midland Building Cleveland 15

WILLIAM A. MEAFE
C.F. FARHING
M.C. REWCOMER
GEORGE W. HAZLETT
RALPH A. GEOLBERT
C.F. FARHINJR
RUFUS S. DAY, JR.
RUSSELL C. GRAHAME
GEORGE D. KINDER
JAMES R. TRITSCHLER
N. VINCENT E MITCHEL
DDIJGLAS WIFK
DIKDN MORGAN

January 11, 1949

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CORPORATION FLAMACE DIVISION

Affiliated Gas Equipment, Inc., 17825 St. Clair Avenue, Cleveland, Ohio

Dear Sirs:

You requested us to furnish you with our opinion regarding the legality of the Securities to be issued by you pursuant to an Underwriting Agreement dated January 11, 1949 between Reynolds & Co., 120 Broadway, New York, N.Y., acting individually and as representative of a group of underwriters, and your Company. Since the securities to be issued pursuant to the Underwriting Agreement include an issue of non-detachable Common Stock Purchase Warrants, you have also asked us to include in the opinion our opinion as to the legality of the securities to be issued upon the exercise of such Warrants. It is our understanding that you require this opinion in order that you may file it with the Securities and Exchange Commission as an exhibit to a Registration Statement recently filed by you with the Commission, being Registration No. 2-7767.

As a basis for our opinion we have examined the Certificate of Incorporation of Affiliated Gas Equipment, Inc., as amended, and the proceedings of the incorporators and directors of said Corporation from the date of incorporation until the date hereof, together with the proposed forms of the Preferred and Common Stock certificates to be issued by the Corporation to evidence its Preferred and Common Stock, the form of non-detachable Common Stock Purchase Warrant proposed to be attached to each certificate of the Preferred Stock of the Corporation to be issued pursuant to said Underwriting Agreement and a proposed form of Scrip Certificate to be issued to evidence fractional interests in shares of Common Stock of the Corporation under certain contingencies.

Based on our knowledge and information as above set forth, we are of the following opinion and make the following statements:

l. Affiliated Gas Equipment, Inc. is a Corporation validly organized and existing and in good standing under the laws of the State of Delaware with an authorized capital stock as set forth in the Registration Statement, consisting of 40,000 shares of \$3.00 Cumulative Preferred Stock of the par value of \$50.00 each and 2,000,000 shares of Common Stock of the par value of \$1.00 each.

Affiliated Gas Equipment, Inc.

January 11, 1949

- 2. The 40,000 shares of \$3.00 Cumulative Preferred Stock and the 1,000,000 shares of Common Stock of the Corporation which are to be issued and delivered by Affiliated Gas Equipment, Inc., pursuant to said Underwriting Agreement on the closing date provided therein, will, upon such issuance and delivery, be validly issued, fully paid and non-assessable, and will conform to the description thereof set forth in the Prospectus included in said Registration Statement.
- 3. The 25,000 shares of Common Stock of Affiliated Gas Equipment, Inc. authorized to be offered to officers and directors and employees of the Corporation pursuant to the "Employees Stock Purchase Plan" summarized in the Prospectus, will, when issued and delivered, in accordance with the terms and provisions of said Stock Purchase Plan, be validly issued, fully paid and non-assessable.
- 4. The non-detachable Common Stock Purchase Warrants to be attached to the certificates representing the said 40,000 shares of Preferred Stock and to be delivered therewith will, upon delivery, be binding obligations of Affiliated Gas Equipment, Inc., to issue one share of the Common Stock of the Corporation for each share of the said Preferred Stock represented by the certificate to which such Warrants are attached for a purchase price of \$11.25 per share, valid up to and including January 15, 1954, or until the earlier acquisition by said Corporation of the shares of said Preferred Stock represented by the certificate to which such Warrants are attached; and said Warrants otherwise conform to the description thereof in the Prospectus included in the Registration Statement.
- 5. The maximum number of shares of Common Stock of Affiliated Gas Equipment, Inc. issuable upon the exercise of said Warrants attached to the certificates of said Preferred Stock at the date of original issuance thereof have been duly reserved for issuance upon exercise of said Warrants and, when so issued against payment therefor as provided in the Warrants, will be validly issued, fully paid and non-assessable.
- 6. The scrip certificates, evidencing fractional interests in shares of the Common Stock of Affiliated Gas Equipment, Inc., if any, which may be issuable upon the exercise of said Warrants, will, upon the issuance thereof, be valid and binding obligations of Affiliated Gas Equipment, Inc., to issue full shares of Common Stock in exchange for scrip certificates evidencing fractional interests aggregating one or more full shares, in accordance with their terms, and said scrip certificates otherwise conform to the description thereof in the Prospectus included in the Registration Statement.

We hereby consent to the use of our name as the same may appear in the Registration Statement and to a copy of this opinion being filed as an exhibit to the Registration Statement.

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# McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett

Law Offices
Midland Building
Cleveland 15

C.F. TAPLIN
MAUBICE F, HANNING
M.E. NEWCOMER
GEORGE W. HAZLETT
RAIDH A. COLDERT
C.F. TAPLIN JR.
RUFUS S. DAY, JR.
RUFUS S. DAY, JR.
RUSSELL C. GRAHAMI
GEORGE C. KINDER
JAMES B. TRITSCHLEI
H. VINCENT C. HITCHE

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January 11, 19/19

Affiliated Gas Equipment, Inc., 17825 St. Clair Avenue, Cleveland, Ohio.

Dear Sirs:

At your request we have examined a certain Agreement dated January 11, 1949 between Bryant Heater Company, Day & Night Manufacturing Company and Payme Furnace Company on the one hand and your Company and Reynolds & Co., individually and as representative of certain Underwriters named in or referred to in the Underwriting Agreement dated Jamuary 11, 1949, on the other hand, between your Company and said Underwriters, wherein in order to induce your Company and the Underwriters to execute said Underwriting Agreement, Bryant Heater Company, Day & Night Manufacturing Company and Payne Furnace Company jointly and severally represented and warranted that the statements with respect to them and each of them contained in the Registration Statement for the registration of your Preferred and Common Stock and other securities, Registration No. 2-7767, and the Prospectus included therein, were true and correct and that there were omitted from the Registration Statement and Prospectus no facts which would cause any of the statements therein with respect to Bryant Heater Company, Day & Night Manufacturing Company and Payne Furnace Company or any of them to be materially inaccurate or misleading.

We understand that it is contemplated that shortly after the transfer of all the assets and properties of Bryant Heater Company, Day & Might Manufacturing Company and Payne Furnace Company to your Company and the receipt of cash payment therefor as described in the said Registration Statement, said three companies will completely liquidate the proceeds of the sale of their respective properties to Dresser Industries, Inc., the sole shareholder of all three companies and will thereupon dissolve.

We wish to advise you that in the event of such liquidation and dissolution of the three companies above mentioned and in the further event that any one or more of said companies should become liable under said Agreement dated January 11, 1949, any such liability may be enforced against Dresser Industries, Inc. provided, however, that the recovery against Dresser Industries, Inc. will be limited to the amount of the liquidation distributions received by it from such companies.

We wish also to advise you that the instruments of assumption of liabilities of Bryant Heater Company, Day & Might Manufacturing Company and Payne Furnace Company, which will be executed by your Company and delivered to said three companies upon the transfer of their assets to your Company, will

McAlee, Grossman, Taplin, Hanning, Newcomer & Hazlett

Sheet No

Affiliated Gas Equipment, Inc.

January 11, 1949

contain an express exception of any and all liability arising under said Agreement dated January 11, 1949, and that therefore your Company will not be under any liability arising from a breach of said Agreement dated January 11, 1949.

We hereby consent to the use of our name as the same appears in the Registration Statement and to a copy of this opinion being filed as an exhibit to the Registration Statement.

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Law Offices
Midland Building
Cleveland 15

ISADOR GROSSMAN WILLIAM A. MEAFEC C. TARIN MANNING C. TARIN MANNING M. S. NEWCOMER MAZ.ET RALPH A. CO.PERT C. F. TARIN. IR. NUSCEL C. GRAHAME GEORGE D. KINCER JAMES RI, KITTSCHLER M. VINCENT E. MITCHEL DOUGLAS WICK

January 11, 1949

Affiliated Gas Equipment, Inc. 17825 St. Clair Avenue, Cleveland, Ohio.

Dear Sirs:

We have been advised by you that immediately upon or shortly after the consummation of the underwriting transaction contemplated by a certain Underwriting Agreement dated January 11, 1949, between your Company and Messrs. Reynolds & Co., 120 Broadway, New York, N. Y., acting individually and as representative of the group of Underwriters named or referred to therein, your Board of Directors proposes, if permitted by the Delaware Corporation Law under which your Company is incorporated, and by the Certificate of Incorporation of your Company, as amended, to declare a cash dividend of  $22\frac{1}{22}$  per share upon the Common Stock of your Company, payable April 1, 1949. You have requested our opinion as to whether the declaration and payment of this dividend at the time and under the circumstances contemplated is lawful and permissible under the Delaware Corporation Law, the provisions of your Certificate of Incorporation, as amended, and the provisions of the three Term Loan Agreements of your Company with certain Insurance Companies.

Based on the assumption that this dividend will be declared at or shortly after the closing of the underwriting transaction above referred to, your Company will have issued and outstanding not more than 1,025,000 shares of its Common Stock, including 25,000 shares of Common Stock reserved for issuance under your Stock Purchase Plan. A dividend of 2234 per share would therefore require the payment of the total sum of not more than \$230,625, assuming that no additional shares of Common Stock are issued prior to the record date fixed for the payment of the dividend. On the basis of the statements made by your Company in its Registration Statement recently filed with the Securities and Exchange Commission to the effect that all of the consideration received by the Company for the 40,000 shares of Preferred Stock to be issued pursuant to the Underwriting Agreement, i. e. \$50 per share (the par value thereof), will be credited to the Preferred Stock Capital Account of the Company, and of the total consideration to be received for the Common Stock of \$8.00 per share, \$1 per share will be credited to the Common Stock Capital Account of your Company, i. e. \$1,000,000, and the balance of said consideration, less certain expenses, will be credited to the Capital Surplus Account of your Company, your ComAffiliated Gas Equipment, Inc.

January 11, 1949.

pany will immediately after the issuance of its Preferred and Common Stock, pursuant to the Underwriting Agreement and the recording of the transaction upon your Company's books of account, have a capital surplus in an amount in excess of \$6,000,000.

Section 34 of the Delaware Corporation Law provides that the Directors of every Delaware Corporation for profit have the power to declare and pay dividends upon the shares of its capital stock "out of its net assets in excess of its capital as computed in accordance with the provisions of Sections 14, 26, 27 and 28 of this Chapter * * *." A reference to Sections 14, 26, 27 and 28 of the Delsware Corporation Law shows that the term "capital", in the case of a corporation all of whose issued and outstanding stock has par value, means the aggregate par value of the issued and outstanding shares of the company in the event the Board of Directors so determines at the time of the issuance of the respective shares. It is our understanding that the Board of Directors of your Company will take appropriate action to allocate the consideration to be received from the sale of the Company's Preferred and Common Stock as indicated in the Registration Statement, and that therefore the capital of the Company, immediately after the consummation of the underwriting transaction and the issuance of the Company's Preferred and Common Stock, will consist of the aggregate par value of the Preferred Stock plus the aggregate par value of the Common Stock then issued and outstanding, i. e. the sum of \$3,000,000, while its net assets at such time will amount to over \$9,000,000. The funds of the Company lawfully available, under the Delaware Corporation Law, for the payment of dividends on its capital stock will therefore, immediately after the consummation of the proposed underwriting transaction, amount to over \$6,000,000, and at all times thereafter will be in an amount equal to the capital surplus of the Company plus its earned surplus.

Under Paragraph (b) of Section A-1 of Article Fourth of the Amended Certificate of Incorporation of your Company, the funds available for the payment, on April 1, 1949, of the proposed dividend on the Common Stock are limited to the sum of (a) the Company's net income, if any, from February 1, 1949, to April 1, 1949, after deducting the first quarterly dividend on the Preferred Stock of \$30,000, payable April 1, 1949, (b) \$500,000, and (c) the aggregate net consideration, if any, received by the Company from the issue or sale, subsequent to February 15, 1949, of shares of its Common Stock.

Under Subparagraph (B) of Paragraph 3.18 of each of your three Term Loan Agreements above referred to (which Subparagraphs are identical), the funds lawfully available for the payment of dividends on all classes of your capital stock are limited to the sum of (a) the aggregate net income of the Company, if any, earned subsequent to October 31, 1948, (b) the aggregate net consideration, if any, received by the Company from the sale,

M'Alec. Grossman, Taplin, Hanning. Newcomer & Hazlett

Sheet No 3

Affiliated Gas Equipment, Inc.

Jamuary 11, 1949

subsequent to October 31, 1948, of shares of any class of capital stock of the Company (other than the shares to be issued and sold pursuant to the Underwriting Agreement above referred to), and (c) \$620,000.

If and to the extent that funds of your Company are lawfully available on April 1, 1949, under the provisions of the Delaware Corporation Law described above, the above summarized provisions of your Amended Certificate of Incorporation and the above summarized provisions of your Term Loan Agreements, after declaring and paying, or setting aside for payment, the first quarterly dividend on your Preferred Stock from funds lawfully available therefor, the payment of the proposed dividend on your Common Stock on April 1, 1949, will, in our opinion, be lawful and permissible.

We hereby consent to the use of our name as the same may appear in the Registration Statement and to a copy of this opinion being filed as an exhibit to the Registration Statement.

Very truly yours, , Sum, Tafli Hang, Newson & Haglett

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Exhibit 14(a)

#### UNDERWRITING AGREEMENT

HIRE AND CICHARGE COMMISSION January 11, 1949.

MESSRS. REYNOLDS & Co., 120 Broadway, New York 5, New York,

RECEIVED

JAN 111949 Acting individually and as Representative of the other several Underwriters hereinafter named or referred to,

DESPOSATION FRANCE SPRINGS

DEAR SIRS:

The undersigned, Affiliated Gas Equipment, Inc., a Delaware corporation (hereinafter referred to as the "Company"), proposes to issue and sell an aggregate of 40,000 shares of \$3.00 Cumulative Preferred Stock of the par value of \$50.00 per share (hereinafter referred to as the "Preferred Stock") with non-detachable Common Stock Purchase Warrants attached to the certificates thereof, evidencing the right to purchase one share of Common Stock of the par value of \$1.00 per share for each share of Preferred Stock represented by the certificate (hereinafter referred to as the "Warrants") and an aggregate of 1,000,000 shares of Common Stock of the par value of \$1.00 per share of the Company (hereinafter referred to as the "Common Stock"). This is to confirm the arrangements with respect to the purchase of the Preferred Stock with such Warrants attached and the Common Stock by Reynolds & Co. and the other several Underwriters named or referred to in Article Second hercof (who are hereinafter collectively referred to as the "Underwriters", which term, when the context permits, shall also include any Underwriter added or substituted as hereinafter in Article Second provided).

FIRST: Representations and Warranties.

- 1. The Company represents, warrants and agrees as follows:
- (a) It has prepared on Form S-1 and filed with the Securities and Exchange Commission (hereinafter referred to as the "Commission") a registration statement (No. 2-7767) including a form of prospectus, under the Securities Act of 1933, as amended (hereinafter referred to as the "Act") which covers the Preferred Stock with the Warrants, 1,065,000 shares of Common Stock, and an indeterminate number of shares of Common Stock and Scrip Certificates representing fractional interests therein in order duly and validly to register the same under the Act. Two copies of said registration statement with exhibits and prospectus have been delivered to Reynolds & Co., as representative of the several Underwriters, hereinafter sometimes called the "Representative" marked for identification. The Company likewise has filed two amendments thereto, two copies of each of which have likewise been so delivered to Reynolds & Co. The Company agrees carefully and promptly to file such further amendment or amendments as may be necessary to make the registration statement effective; but the Company will not at any time file any amendment to such registration statement of which the Representative shall not previously have been advised and furnished with a copy and/or to which the Representative shall reasonably object in writing. As used in this Agreement, the term "Registration Statement" refers to and means said registration statement and any and all amendments thereto, including exhibits and financial statements, when the registration statement becomes effective and, in the event of any amendment after the effective date of said registration statement, also refers to and means said registration statement as so amended, and the term "Prospectus" refers to and means the prospectus in final form and, in the event of any amendment or supplement to such prospectus after the effective date of the Registration Statement, also refers to and means such prospectus as so amended or supplemented.
- (b) The Registration Statement and the Prospectus, when the Registration Statement becomes effective and on the closing date hereinafter defined, and any post-effective amendment of the Registration Statement and post-effective amendment of or supplement to the Prospectus, will fully comply

with the provisions of the Act and the rules and regulations of the Commission thereunder, and neither the Registration Statement nor the Prospectus at such times, nor any post-effective amendment of the Registration Statement or post-effective amendment of or Supplement to the Prospectus, will include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that the Company makes no representations or warranties as to information contained in or omitted from the Registration Statement or Prospectus in reliance upon written information furnished to the Company by any Underwriter for use in connection therewith.

- (c) The Company has the legal right, power and authority to enter into this Agreement and to issue, sell and deliver the Preferred Stock with the Warrants attached and the Common Stock which it has agreed to sell hereunder. The shares of Preferred Stock and Common Stock which the Company has agreed to sell hereunder, when issued and delivered to the Underwriters in accordance with the terms of this Agreement, and the shares of Common Stock when issued upon the exercise of the Warrants will be validly issued, full-paid and non-assessable, and free and clear of all claims.
- (d) The Company knows of no outstanding claims for services, either in the nature of a finder's fee or origination fee, with respect to this financing resulting from its acts for which the Underwriters or any of them may be responsible, except that contained in the agreement dated January 11, 1949 between the Company and Reynolds & Co. relating to compensation to the latter for services in connection with obtaining the term loans aggregating \$4,000,000 from insurance companies and the Company agrees to indemnify and hold the Undewriters free and harmless from any claim for any such services of such nature arising from any act of the Company, its officers or employee.

SECOND: Agreements to Purchase and Sell. Upon the foregoing representations and warranties, and subject to the terms and conditions of this Agreement, the Company agrees to sell to the several Underwriters below named or referred to, and the several Underwriters agree to purchase from the Company, severally but not jointly, at a price of \$50.10 per unit in the case of the Preferred Stock with Warrants attached (\$50.00 being the consideration for each share of Preferred Stock and 10¢ being the consideration for each Warrant) and \$8.00 per share in the case of the Common Stock, the respective numbers of shares of such Preferred Stock with Warrants attached and Common Stock which are hereinafter set forth opposite the names of the respective underwriters.

The names and addresses of the several Underwriters and the respective numbers of shares of such Preferred Stock with Warrants attached and Common Stock to be purchased by them from the Company are as follows:

Number of Shares

Name of Underwriter	Address	of Preferred Stock with Non-Detachable Common Stock Purchase Warrants	Number of Shares of Common Stock
Reynolds & Co.	120 Broadway New York 5, N. Y.	3,200	80,000
A. C. Allyn & Company, Inc.	100 West Monroe Street Chicago 3, III.	1,350	. 35,000
Arthurs, Lestrange & Klima	Union Trust Building Pittsburgh 19, Penna.	100	2,500
Auchineloss, Parker & Redpath	729 15th Street, N.W. Washington 5, D. C.	400	10,000
Ball, Burge & Kraus	Union Commerce Building Cleveland 14, Ohio	640	16,000
Biddle, Whelan & Co.	1606 Walnut Street Philadelphia 3, Penna.	80	2,000

Name of Underwriter	Address	Number of Shares of Preferred Stock with Non-Detachable Common Stock Purchase Warrants	Number of Shares of Common Stock
Bioren & Co.	1508 Walnut Street Philadelphia 2, Penna.	100	2.500
Blair & Co., Inc.	44 Wall Street New York 5, N. Y.	400	10,000
Boenning & Co.	1606 Walnut Street Philadelphia 3, Penna.	320	8.000
Bond & Goodwin, Inc.	63 Wall Street New York 5, N. Y.	200	5,000
Branch, Cabell & Company	814 East Main Street Richmond 17, Va.	300	7,500
Brooke & Co.	15th & Locust Streets Philadelphia 2, Penna.	200	5,000
Buckley Securities Corporation	1420 Walnut Street Philadelphia 2, Pa.	80	2,000
Burr & Company, Inc.	57 William Street New York 5, N. Y.	100	2,500
Butcher & Sherrerd	1500 Walnut Street Philadelphia 2, Penna.	500	12,500
H. M. Byllesby & Company, Incorporated	135 South LaSalle Street Chicago 3, Ill.	100	<b>2,</b> 500
Cohû & Co.	1 Wall Street. New York 5, N. Y.	200	5,000
George R. Cooley & Co., Inc.	100 State Street Albany 7, N. Y.	200	5,000
Crouse & Company	Penobscot Building Detroit 26, Michigan	200	5,000
S. K. Cunningham & Co., Inc.	Commonwealth Building Pittsburgh 22, Penna.	200	5,000
Paul H. Davis & Co.	10 South LaSalle Street Chicago 3, Ill.	800	20,000
Dempsey-Tegeler & Company	407 North 8th Street St. Louis 1, Mo.	100	2,500
Dittmar & Company	South Texas Building San Antonio 6, Texas	400	10,000
Dixon & Company	1411 Chestnut Street Philadelphia 2, Penna.	100	2,500
Doolittle & Co.	Liberty Bank Building Buffalo 2, N. Y.	120	3,000
Drexel & Co.	1500 Walnut Street Philadelphia 1, Penna.	1,350	35,000
Francis I. duPont & Co.	1 Wall Street New York 5, N. Y.	160	4,000
Eastman, Dillon & Co.	15 Broad Street New York 5, N. Y.	1,450	37,500
A. G. Edwards & Sons	409 N. Eight Street St. Louis 1, Mo.	80	2,000
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Name of Underwriter	Address	Number of Shares of Preferred Stock with Non-Detachable Common Stock Purchase Warrants	Number of Shares of Common Stock	
Emanuel, Dectjen & Co.	52 William Street New York 5, N. Y.	100	2,500	
Clement A. Evans & Co. Inc.	First National Bank Building Atlanta 3, Georgia	200	5,000	an _{.'(}
Farwell, Chapman & Co.	208 South LaSalle Street Chicago 4, Ill.	400	10,000	rial.
Ferris & Company	Washington Building Washington 5, D. C.	120	3,000	,
First California Company	300 Montgomery Street San Francisco 20, Calif.	400	10,000	
The First Cleveland Corp.	National City Bank Building Cleveland 14, Ohio	400	10,000	
Frascr, Phelps & Co.	Hospital Trust Building Providence 3, R. I.	80	2,000	
M. M. Freeman & Co., Inc.	262 S. 15th Street Philadelphia 2, Penna.	120	3,000	•
Glover & MacGregor, Inc.	Union Trust Building Pittsburgh 19, Penna.	200	5,000	
Grubbs, Scott & Company, Inc.	Union Trust Building Pittsburgh 19, Penna.	80	2,000	
Hallowell, Sulzberger & Co.	111 South Broad Street :- Philadelphia 7, Penna.	- 80	2,000	
Harriman Ripley & Co., Incorporated	63 Wall Street New York 5, N. Y.	1,700	45,000	
Hayden, Stone & Co.	25 Broad Street New York 4, N. Y.	1,350	35,000	
Hill, Richards & Co.	621 South Spring Street Los Angeles 14, Calif.	200	5,000	
fornblower & Weeks	40 Wall Street New York 5, N. Y.	1,200	30,000	
Harold H. Huston & Co.	Hoge Building Seattle 4, Wash.	200	5,000	
enks, Kirkland & Co.	1421 Chestnut Street Philadelphia 2, Penna.	160	4,000	
Edward D. Jones & Co.	300 North 4th Street St. Louis 2, Mo.	1,000	10,000	
Cay, Richards & Company	Union Trust Building Pittsburgh 19, Penna.	200	5,000	~.v
Gidder, Pcabody & Co.	17 Wall Street New York 5, N. Y.	1,450	<i>37</i> ,500	المدا
I. G. Kuch & Company	Widener Building Philadelphia 7, Penna.	80	2,000	
aird, Bissell & Meeds	Du Pont Building Wilmington 99, Del.	200	5,000	

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Name of Underwriter	Address	Number of Shares of Preferred Stock with Non-Detachable Common Stock Purchase Warrants	Number of Shares of Common Stock
Lee Higginson Corporation	40 Wall Street New York 5, N. Y.	1,350	35,000
Laurence M. Marks & Co.	49 Wall Street New York 5, N. Y.	1,450	37,500
The Marshall Company	762 North Water Street Missonian 2 What	200	5,000
wason-Flugar, Inc	Richmond 10, Va.	<u></u>	• • • • • • • • • • • • • • • • • • • •
Mason, Moran & Company	135 S. LaSalle Street Chicago 3, Ill.	460	11,500
A. E. Masten & Company	First National Bank Building Pittsburgh 22, Penna.	200	5,000
Merrill, Turben & Co.	Union Commerce Building Cleveland 14, Ohio	300	7,500
The Milwaukee Company	207 East Michigan Street Milwaukec 2, Wisc.	400	. 10,000
Moroney, Beissner & Co.	812 Rusk Avenue Houston 2, Texas	80	2,000
W. H. Newbold's Son & Co.	1517 Locust Street Philadelphia 2, Penna.	140	3,500
Newburger & Co.	1342 Walnut Street Philadelphia 7, Penna.	200	5,000
Pacific Company of California	623 South Hope Street Los Angeles 14, Calif.	300	7,500
Paul & Lynch	123 South Broad Street Philadelphia 9, Penna.	80	2,000
Peltason, Tenenbaum Co.	803 Landreth Building St. Louis 2, Mo.	200	5,000
Penington, Colket & Co.	123 S. Broad Street Philadelphia 9, Penna.	160	4,000
Piper, Jaffray & Hopwood	115 South 7th Street Minneapolis, Minn.	800	20,000
Prescott, Hawley, Shepard & Co., Inc.	114 Guardian Building Cleveland 14, Ohio	<b>200</b>	5,000
Putnam & Co.	6 Central Row Hartford 4, Conn.	200	5,000
Rambo, Close & Kerner, Inc.	1518 Locust Street Philadelphia 2. Penna.	120	3,000
Reca, Letti di Co.	orant Building Pittsburgh 19, Penna.	Ò.	<b>1,0</b> 00
Irving J. Rice & Company, Inc	First National Bank Building St. Paul 1, Minn.	80	2,000
H. A. Riecke & Co., Inc.	1528 Walnut Street Philadelphia 2, Penna.	80	2,000
E. H. Rollins & Sons, Incorporated	40 Wall Street New York 5, N. Y.	1,350	35,000

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Name of Underwriter	Address	Number of Shares of Preferred Stock with Non-Detachable Common Stock Purchase Warrants	Number of Shares of Common Stock
A. J. Sailer & Co.	113 South 5th Street Philadelphia 6, Penna.	.80	2,000
Scherek, Richter Company	Landreth Building St. Louis 2, Mo.	100	2,500
Shields & Company	44 Wall Street New York 5, N. Y.	800	20,000
Sills, Minton & Company, Incorporated	209 South LaSalle Street Chicago 4, Ill.	480	12,000
I. M. Simon & Co.	315 North 4th Street St. Louis 2, Mo.	200	5,000
Singer, Deane & Scribner	Union Trust Building Pittsburgh 19, Penna.	300	7,500
Smith, Hague & Co.	Penobscot Building Detroit 26, Mich.	400	10,000
Stein Bros. & Boyce	6 South Calvert Street Baltimore 2, Md.	480	12,000
Stifel, Nicolaus & Company, Incorporated	314 North Broadway St. Louis 2, Mo.	200	5,000
Stix & Co.	509 Olive Street St. Louis 1, Mo.	100	2,500
Strader, Taylor & Co., Inc.	Peoples National Bank Building Lynchburg, Va.	200	5,000
Straus & Blosser	135 South LaSalle Street Chicago 3, Ill.	600	15,000
Sutro & Co.	407 Montgomery Street San Francisco 4, Calif.	480	12,000
Sweney, Cartwright & Co.	Huntington Bank Building Columbus 15, Ohio	100	2,500
Thayer, Baker & Co.	Commercial Trust Building Philadelphia 2, Penna.	80	2,000
Union Securities Corporation	65 Broadway New York 6, N. Y.	1,450	37,500
Wagenseller & Durst, Inc.	626 South Spring Street Los Angeles 14, Calif.	240	6,000
G. H. Walker & Co.	1 Wall Street New York 5, N. Y.	1,350	35,000
Harold E. Wood & Company	First National Bank Building St. Paul 1, Minn.	200	5,000
Woodcock, McLear & Co.	1518 Walnut Street Philadelphia 2, Penna.	100	2,500
Wurts, Dulles & Co.	1416 Chestnut Street Philadelphia 2, Penna.	160	4,000
		40,000	1,000,000

Notwithstanding the foregoing, however, other firms or persons may, at the request of the Representative, become additional Underwriters and the respective numbers of shares of such Preferred Stock

with Warrants attached (hereinafter sometimes together called the "Preferred Stock") and Common Stock to be purchased by the Underwriters whose names are set forth above may be modified subject to the following conditions:

- (a) The name of each such additional Underwriter and the respective numbers of shares of such Preferred Stock with Warrants attached and Common Stock it and the Underwriters whose names appear above respectively have undertaken, subject to the terms and conditions hereof, to purchase, shall be submitted, prior to the effective date of the Registration Statement, in a written or telegraphic notice by Reynolds & Co. to the Company, together with the statement that each such Underwriter has confirmed and approved the execution of this Agreement by Reynolds & Co. as the Representative of such Underwriter. Unless the Company gives to the Representative written or telegrapic notice that it objects to any such Underwriter by 5 o'clock P. M., Eastern Standard Time, on the second business day after the receipt of such notice from the Representative, such Underwriter shall become a party to this Agreement without further action on its part or on the part of the Company or Reynolds & Co. and such Underwriter and the Underwriters whose names are set forth above, respectively, shall become obligated to purchase severally and not jointly the respective numbers of shares of such Preferred Stock and Common Stock specified with respect to such Underwriter and the other Underwriters, respectively, in such notice; and
- (b) At the election of the Representative, which the Representative may make from time to time prior to the effective date (referred to in Article Third) of this Agreement, any of the Underwriters, including Reynolds & Co., with the approval of the Company and of the Underwriters whose commitments are so changed, shall-have the right and obligation to purchase severally a greater or smaller number of shares of such Preferred Stock and Common Stock, respectively, than the respective numbers originally set forth in this Agreement or in any notice provided for above with respect to such Underwriter, and, with like approval, other Underwriters may be substituted for, or added to, those originally set forth in this Agreement or in such notice or notices; it being understood, however, that the aggregate number of shares of such Preferred Stock and Common Stock to be purchased hereunder from the Company shall be 40,000 and 1,000,000, respectively.

It shall be a condition of the agreement of the Company to sell and deliver the 40,000 shares of such Preferred Stock and the 1,000,000 shares of the Common Stock to be sold by the Company, that, except as hereinafter in this Article provided, each of the Underwriters shall purchase and pay for all of such respective shares of such Preferred Stock and Common Stock agreed to be purchased by such Underwriter hereunder, and the Company shall not be obligated to deliver such shares of Preferred Stock and Common Stock except upon payment by the several Underwriters for all of such respective shares of such Preferred Stock and Common Stock to be purchased hereunder. If any Underwriter shall for any reason fail to purchase the respective numbers of shares of such Preferred Stock and Common Stock specified with respect to such Underwriter, as such number may thereafter have been changed as hereinabove provided, the remaining Underwriters shall have the right, but shall not be obligated, to agree to take up and pay for (in such amounts as may be agreed among them) the shares of such Preferred Stock and Common Stock which the defaulting Underwriter agreed, but failed, to purchase. In case such remaining Underwriters do not, on or before the closing date hereinafter defined, agree to take up and pay for the shares of such Preferred Stock and Common Stock which the defaulting Underwriter agreed, but failed, to purchase. the remaining Underwriters shall have the privilege within twenty-four (24) hours after such date of substituting another underwriter or underwriters, satisfactory to the Company, who will agree to take up and pay for such shares of Preferred Stock and Common Stock, or the remaining Underwriters may agree within such twenty-four (24) hour period to take up and pay for such shares of Preferred Stock and Common Stock. In case the remaining Underwriters shall not have found other satisfactory Underwriters or have agreed themselves to take up and pay for (in such amounts as may be agreed among them) said shares, the Company shall have the right, within forty-eight (48) hours after said closing date, of substituting another underwriter or other underwriters who will agree to take up and pay for said shares. In the event of the agreement by the remaining Underwriters to purchase such shares of Preferred Stock and Common Stock or of the substitution of another underwriter or underwriters to purchase such shares of Preferred Stock and Common Stock as aforesaid, the Representative or the Company shall have the right to postpone the closing date to a date not exceeding six (6) full business days after the closing date fixed in Article Fourth hereof in order to effect any changes which in the opinion of counsel to the Company and of counsel to the Underwriters may be necessary in the Registration Statement or in any other documents or arrangements by reason of or resulting from such default of any Underwriter. In case the remaining Underwriters shall not have agreed to take up and pay for such shares of Preferred Stock and Common Stock and neither the remaining Underwriters nor the Company shall have substituted another purchaser or purchasers as aforesaid, neither the Company nor the remaining Underwriters shall be under any obligation under this Agreement, except as herein otherwise expressly stated. Nothing herein contained, however, shall relieve any defaulting Underwriter of its liability, if any, to the other several Underwriters and the Company, respectively, for damages occasioned by its default hereunder.

THIRD: Effective Date of Agreement; Public Offering. This Agreement shall become effective at 10 A. M., Eastern Standard Time, on the seventh day (excluding any Saturday, Sunday or legal holiday) following the date upon which the Registration Statement becomes effective or at 6:00 P.M., Eastern Standard Time, on the day on which the Representative shall first release any newspaper advertisement relating to such Preferred Stock and the Common Stock for publication on the succeeding day, whichever shall be the earlier. The time and day upon which this Agreement shall become effective, as hereinabove provided, is herein sometimes referred to as the "effective date of this Agreement".

The Underwriters agree, subject to the terms and conditions hereof, to make a public offering of the 40,000 shares of such Preferred Stock and the 1,000,000 shares of the Common Stock to be sold by the Company not later than the seventh full business day after the effective date of the Registration Statement and will use their best efforts to effect a broad distribution thereof. Such public offering shall be made as set forth in the Registration Statement, either in the open market, or to members of a selling group or in any other manner determined by the Representative, in its discretion. The Underwriters agree that the respective prices per share at which the shares of such Preferred Stock (with Warrants attached) and Common Stock will be initially offered to the public shall not exceed \$50.00 and \$9.25.

FOURTII: Delivery of Stock and Payment Therefor. Delivery of and payment for the shares of Preferred Stock (with Warrants attached) and Common Stock to be sold by the Company shall be made at the office of Reynolds & Co., 120 Broadway, New York 5, New York, on such date and at such time (such date and time being herein referred to as the "closing date") specified by the Representative by telegraphic notice to the Company, confirmed by registered letter, given at least three (3) full business days before such closing date, which date (unless a later date shall be agreed upon by the Company and the Representative) shall not be more than seven (7) days after the first day of the public offering; provided, however, that no stop order of the Commission shall have been issued or threatened and that no proceedings for that purpose shall have been initiated or threatened by the Commission under Section 8(d) or S(e) of the Act. In the event that a stop order shall have been issued or proceedings therefor shall have been initiated or threatened by the Commission under Section 8(d) or 8(e) of the Act, the closing date shall be postponed (unless this Agreement shall be cancelled as hereinafter provided) to fifteen (15) days after the date of receipt by the Representative of written or telegraphic notice from the Company that such stop order shall have been vacated or that any such proceedings therefor or in connection with the initiation thereof shall have been terminated, or to such earlier or later date to which the Representative and the Company may agree.

On the closing date, the Company shall deliver to the Representative, for the account of each Underwriter, certificates, in temporary or definitive form, for the shares of Preferred Stock (to which shall be attached non-detachable Common Stock Purchase Warrants) and Common Stock to be purchased by such Underwriter, in such amounts and registered in such names as the Representative shall have requested by written notice to the Company at least two full business days prior to the closing date. If temporary certificates are delivered, such temporary certificates shall be exchangeable for definitive certificates without charge to the holders thereof as soon as practicable after the preparation of the definitive certificates.

All stamp taxes required to effect the original issuance by the Company of such Preferred Stock and Common Stock to be sold by it in the names of the respective Underwriters agreeing to purchase the same shall be paid by the Company and the Representative shall be furnished with a certificate signed by an officer of the Company or of its Transfer Agent to the effect that such taxes have been paid. If the Representative shall request that shares of such Preferred Stock and Common Stock be registered in a name or names other than that of the Underwriter agreeing to purchase the same, such Underwriter shall pay any transfer taxes incident to or resulting from such registration.

Each of the several Underwriters shall pay for the shares of such Preferred Stock and Common Stock which it is to purchase on the closing date by certified or cashier's check payable to the order of the Company, in New York Clearing House funds, against delivery of such shares to the Representative.

Reynolds & Co., individually and not as Representative of the Underwriters, may (but shall not be obligated to) make payment for shares purchased from the Company by any Underwriter or Underwriters whose check or checks shall not have been so received by the Representative for delivery to the Company on the closing date, for the account of such Underwriter or Underwriters. Any such payment by Reynolds & Co. shall not relieve such Underwriter or Underwriters from any of its or their obligations bereunder.

Time shall be of the essence, and delivery by the Company of the aforesaid certificates at the time and place specified herein is a further condition of the obligation of each Underwriter to take up and pay for the shares of such Preferred Stock and Common Stock which such Underwriter has hereby agreed to purchase, and payment therefor by the Underwriters at the time and place specified herein is a further condition of the obligation of the Company to sell and deliver any of said shares of Preferred Stock and Common Stock.

FIFTH: Right of Underwriters to Deal in Securities of the Company. Nothing contained in this Agreement shall, as between the Company and any Underwriter, restrict the right of any Underwriter lawfully to make purchases or sales, for its own account or otherwise, in the open market or otherwise of any securities of the Company.

SIXTH: Indemnification. The Company and the Underwriters agree to indemnify each other as tollows:

(a) The Company agrees to indemnify, defend and hold free and harmless each Underwriter (including specifically each Underwriter added or substituted as provided in Article Second hereof) and each person, if any, who controls any such Underwriter within the meaning of Section 15 of the Act, from and against any and all losses, claims, demands, liabilities and/or reasonable expenses (including legal and other expenses reasonably incurred by each such Underwriter and controlling person in connection with investigating or defending any such claims or liabilities, whether or not resulting in any liability to such Underwriter or to any controlling person) which such Underwriter or controlling person may incur under the Act or at common law or otherwise, but only to the extent that such losses, claims, demands, liabilities and/or expenses shall arise out of or be based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or in the Prospectus, or in any applications or other papers (hereinafter collectively called "Blue Sky Application") executed by any Underwriter for filing in any state or states in order to qualify under the securities laws thereof the Preferred Stock, Common Stock, Warrants or Serip Certificates covered by this Agreement, or shall arise out of or be based upon any omission or alleged omission to state a material fact required to be stated in the Registration Statement or Prospectus or in any Blue Sky Application or necessary to make the statements in any thereof not misleading; provided, however, that this indemnity agreement shall not apply to any such losses, claims, demands, liabilities and/or expenses arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or the Prospectus or any Blue Sky Application, or arising out of or based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, which statement or omission was made in reliance upon information furnished to the Company by any Underwriter in writing for use in the Registration Statement or Prospectus, or was made by any Underwriter in a Blue Sky Application not in reliance upon information furnished in writing by the Company for such purpose. The Company shall not be liable for amounts paid in settlement of any litigation, if such settlement was made without the written consent of the Company.

To give the Company an opportunity to participate in the defense or preparation of the defense of any action brought against any such Underwriter or controlling person to enforce any such claim or liability, the agreement of the Company as aforesaid is expressly conditioned upon notice of any such action having been sent by such Underwriter or controlling person, as the case may be, to the Company by letter or by telegram (addressed as in this Agreement hereinafter provided) within a reasonable time after such Underwriter or controlling person shall have received notice of the commencement of such action against such Underwriter or controlling person, said notice either being accompanied by copies of papers served or filed in connection with such action or by a statement of the nature of the action to the extent known to such Underwriter and each Underwriter or controlling person agrees to give the Company notice of any such action of which it may have notice; but failure to notify the Company of any such action shall not relieve it from any liability which it may have to any Underwriter or controlling person otherwise than on account of the indemnity agreement contained in this Article Sixth (a).

In the case of any such notice to the Company, it will be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any such liability, but if it elects to assume the defense, such defense shall be conducted by counsel of good standing chosen by it. In the event that the Company elects to assume the defense of any such suit and retains such counsel, the Underwriter or Underwriters, or controlling person or persons, defendant or defendants in such suit, shall bear the fees and expenses of any additional counsel retained by them, but, in case the Company does not elect to assume the defense of any such suit, it will reimburse the Underwriter or Underwriters or controlling person or persons, defendant or defendants in such suit, for the reasonable fees and expenses of any counsel retained by them.

- (b) Each Underwriter (including specifically each Underwriter added or substituted as provided in Article Second hereof) agrees to indemnify, defend and hold free and harmless the Company and each of its officers and directors, and each person, if any, who controls the Company within the meaning of Section 15 of the Act, to the same extent as the foregoing indemnity from the Company to each Underwriter, but only with respect to statements or omissions made in the Registration Statement or Prospectus or in any Blue Sky Application in reliance upon, and in conformity with, written information furnished to the Company by such Underwriter through the Representative of the Underwriters, for use in said Registration Statement or Prospectus or in such Blue Sky Application. In case any action shall be brought against the Company or any person so indemnified based on the Registration Statement or Prospectus or such Blue Sky Application and in respect of which indemnity may be sought against any Underwriter, the Underwriters shall have the rights and duties given to the Company and the Company and each person so indemnified shall have the rights and duties given to the Underwriters by Paragraph (a) of this Article Sixth.
- (c) The indemnity agreements contained herein and the representations and warranties in this Agreement shall remain operative and in full force and effect regardless of any investigation made or participation in the preparation of the Registration Statement or amendments thereto or the Prospectus or Blue Sky Application, by or on behalf of any of the parties hereto or persons indemnified hereunder, and shall survive any such investigation or participation and delivery of the Preferred Stock and Warrants and the Common Stock hereunder.
- (d) The provisions of this Article Sixth shall not in any way prejudice any right or rights which any of the parties hereto, or any person or persons, indemnified herein may have against one another under the Act or any other statute, or at common law or otherwise.

Seventh: Agreements of the Company. The Company agrees as follows:

- (a) The Company will deliver, at its expense, to the Representative such reasonable number of copies as the Representative may request of a form of preliminary Prospectus identical with each such form filed with the Commission under the Act, and the Company hereby consents to the use of such copies for the purpose of giving information to dealers and prospective purchasers of the Preferred Stock (with Warrants attached) and Common Stock in the manner permitted by the Act and the rules and regulations. All such copies will be clearly marked to indicate that they are to be used for information purposes only and are not to be construed as an offer for sale or the solicitation of any offer to buy. The Company agrees to deliver, at its expense, to the Representative as soon as practicable after the Registration Statement shall have become effective and thereafter from time to time during the period or periods referred to in the next succeeding sentence, as many copies of the Prospectus as the Representative may reasonably request for the purposes contemplated by the Act, and, if any event relating to or affecting the Company or any event of which the Company shall be advised in writing by any Underwriter shall have occurred, as a result of which it is necessary to supplement or amend the Prospectus as then amended or supplemented in order to make the Prospectus not misleading, in the light of the circumstances existing at the time it is delivered to a purchaser, the Company will notify the Representative and, upon its request, will forthwith prepare and furnish during the period or periods referred to in the next succeeding sentence, at the Company's expense, to the several Underwriters and to the dealers to whom any of such Preferred Stock and Common Stock may have been sold by the Representative on behalf of the Underwriters (the names and addresses of which dealers the Representative will furnish to the Company) and, upon request, to any other dealers making such request, a reasonable number of copies of a supplement or supplements or an amendment or amendments to said Prospectus which will correct each such statement or omission; provided, however, that, if a Prospectus or an amendment thereto or supplement thereof is requested by or for a person who is not a party to this Agreement more than twelve (12) months after the effective date of the Registration Statement, it shall be furnished at the expense of such person. The Company consents to the use by the several Underwriters and all dealers to whom any of such Preferred Stock and Common Stock may be sold of such Prospectus (as amended, if the Company shall have made any amendments thereto, or as supplemented, if the Company shall have attached thereto or printed thereon any statement of additional information) in connection with the offer or sale of any of such Preferred Stock and Common Stock sold hercunder for a period of one year after the first date of the public offering thereof, or for such longer period as the Representative may request, if in the opinion of counsel for the Underwriters the Prospectus is required by law to be delivered in connection with any sales after the expiration of such period
- (b) The Company will advise the Representative promptly, and confirm such advice in writing, when the Registration Statement shall have become effective, and, in the event of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of the initiation or threat of any proceedings for that purpose, as soon as the Company is advised thereof. The Company agrees to make every reasonable effort to prevent the issuance of any such stop order and, if issued at any time, to obtain the withdrawal of the same at the earliest possible moment. The Company agrees that, before filing any amendment to the Registration Statement, it will furnish the Representative with copies thereof and it will furnish the Representative with copies of any amendments or supplements to the Prospectus before their issuance.
- (c) The Company will furnish, at its expense, to the Representative two signed copies, and to the Representative for each of the other Underwriters one copy (certified by the Secretary or an Assistant Secretary of the Company), of a composite Registration Statement consisting of the Registration Statement as originally filed as amended by the several amendments thereto, in such form as the said Registration Statement shall have been declared effective by the Commission, including all financial statements and exhibits thereto. Such composite Registration Statement shall be furnished as soon as practicable after the Registration Statement shall have been declared effective.

- (d) The Company, when and as requested by the Representative, will furnish information in respect of and will execute applications prepared and filed at the expense of the Underwriters, and otherwise cooperate, in qualifying or registering such respective numbers of shares of Preferred Stock (with Warrants attached) and Common Stock as the Representative shall designate for offer and sale under the securities or Blue Sky laws of such states as the Representative may designate and. for a period of one year after the closing date, will at the written request of the Representative, and at the expense of the Underwriters, in each instance similarly execute and make such statements and reports as are or may be required by the laws of such states to maintain such qualifications or registrations; provided, however, that the Company shall not be obligated to qualify as a foreign corporation under the laws of any such state in connection with its obligations under this paragraph. The Company will pay or reimburse the Underwriters for all expenses incurred by the Underwriters in connection with such qualifications and registrations up to but not exceeding \$6,000, provided. however, that if the Representative or other Underwriters cancel their obligations to purchase the Preferred Stock and Common Stock hereunder pursuant to Article Ninth, or if the Underwriters default in their obligations hereunder to offer publicly and to pay for the Preferred Stock (with Warrants attached) and Common Stock, then the Company shall be relieved of the obligations set forth in this sentence.
- (e) The Company will, at its expense, make generally available to its security holders a consolidated earnings statement of the Company and its subsidiaries prepared by the Company (which need not be audited) covering a period of twelve (12) months beginning on the first day of the quarter-yearly fiscal period next succeeding the effective date of the Registration Statement, as contemplated by Section 11(a) of the Act. Such earnings statement shall be made so available as soon as practicable after the termination of such twelve (12) months' period and in any event within six (6) months after the end of such twelve (12) months' period.
- (f) As long as any of the Preferred Stock or the Common Stock shall remain outstanding, the Company will mail to its stockholders and otherwise publish annually a Balance Sheet of the Company and a Statement of Profit and Loss of the Company, certified by independent certified public accountants, and, for a period of three years, will furnish to each of the several Underwriters a copy of each such Balance Sheet and Statement of Profit and Loss and, for a like period, will furnish the Representative with such Balance Sheet and Statement of Profit and Loss for each quarterly period, which quarterly Balance Sheet and Statement of Profit and Loss need not be certified by independent certified public accountants, and likewise will furnish such additional information as the Representative may reasonably request. In addition, for each of the twelve calendar months next succeeding the date of this Agreement, the Company will furnish the Representative with a monthly operating statement in reasonable detail.
- (g) The Company will pay all costs and expenses incidental to the performance of its obligations under this Agreement, including, but not by way of limitation, all expenses incidental to the issuance of the Preferred Stock (with Warrants attached) and Common Stock and their delivery to the several Underwriters, all original issue taxes in connection with the foregoing, the fees and expenses of the Company's counsel and accountants, the costs and expenses incidental to the preparation and printing of this Agreement and the preparation, printing and filing of the Registration Statement and Prospectus, together with all amendments and supplements thereto, the expenses of any registrations under the Securities Exchange Act of 1934, as amended, and of the listing of the Preferred Stock (with Warrants, to the extent then outstanding) and Common Stock on any National Securities Exchange and the cost of furnishing to the several Underwriters copies of the Registration Statement and Prospectus as herein provided.
- (h) For a period of one year after the first day of the public offering of such Preferred Stock and Common Stock (and during such longer period as the Representative may request if in the opinion of counsel for the Underwriters the Prospectus is required by law to be delivered in connection with any sales after the expiration of such period of one year) the Company will promptly inform the Representative by registered mail:

- (i) of any request of the Commission for amendments to the Registration Statement or Prospectus or for additional information;
- (ii) of the happening of any material adverse change, subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, in the general affairs, capitalization, financial condition or net worth of the Company, except as disclosed or indicated in the Registration Statement or the Prospectus; and
- (iii) of the happening of any event, as a result of which the Prospectus, as then amended or supplemented, would include an untrue statement of a material fact, or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.
- (i) The Company will, at its expense, upon written request from the Representative within two (2) years from the first day of the public offering, and subject to the purchase by the Underwriters of the shares of such Preferred Stock and Common Stock which they have agreed to purchase hereunder, promptly make application for the listing of the Preferred Stock (with non-detachable Warrants, to the extent that such Warrants are then outstanding) and Common Stock on such National Securities Exchange or Exchanges as the Representative may specify and for its registration under the Securities Exchange Act of 1934, as amended, and use its best efforts to cause such listing and registration promptly to become effective.
- (j) The Company will neither declare nor pay any dividend on its Common Stock between the date hereof and the date of the initial public offering.
- EIGHTH: Conditions of Underwriters' Obligations. The several obligations of the several Underwriters hereunder are subject to, as conditions precedent, the accuracy of the representations and warranties of the Company contained in this Agreement, the full performance by the Company of the obligations to be performed by it under this Agreement, and the following additional conditions:
  - (a) The effective date of the Regisfration Statement shall be not later than 6:00 P. M., Eastern Standard Time, on January 31, 1949, unless a later time and date be agreed to by the Representative; no stop order suspending the effectiveness thereof shall have been issued and no proceeding looking to the issuance of such stop order shall have been initiated prior to the closing date; and the Representative shall have received a certificate signed by an executive officer of the Company, dated as of the day prior to the initial public offering, to be delivered on the date of the initial public offering, and a similar certificate, dated as of the closing date, to the effect that, to the best of his knowledge, no stop order has been issued and no proceeding therefor has been initiated.
  - (b) The Company shall, on the closing date herein defined, (i) have acquired all of the assets, subject to certain liabilities, of Bryant Heater Company, an Ohio corporation, Payne Furnace Company, a California corporation, and Day & Night Manufacturing Company, a California corporation, pursuant to the terms of the respective agreements between the Company and said corporations summarized in the Prospectus and annexed as exhibits to the Registration Statement; and (ii) borrow \$4,000,000 from Massachusetts Mutual Life Insurance Company and other life insurance companies, pursuant to the terms of the term loan agreements summarized in the Prospectus and annexed as exhibits to the Registration Statement.
  - (c) The authorization and issue of the Preferred Stock, the Warrants and Common Stock, the Registration Statement, the Prospectus, and all corporate proceedings and other legal matters incident to the transactions to which this Agreement relates, shall be satisfactory in all respects to Messrs. Townsend & Lewis as counsel for the Underwriters, and the Company shall have furnished or exhibited to Messrs. Townsend & Lewis such documents as they may reasonably request to enable them to pass upon the matters referred to in this sub-paragraph.
  - (d) On the closing date, the Company, at its expense, shall furnish to the Representative an opinion, bearing the closing date, of Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett, its counsel, addressed to the several Underwriters, to the effect that:

- (i) the Company is a validly organized and existing corporation in good standing under the laws of the State of Delaware, with an authorized capital stock as set forth in the Registration Statement and it is qualified to do business in all states in which it is required to qualify in order lawfully to conduct its business as then conducted;
- (ii) the shares of Preferred Stock and Common Stock of the Company which are to be issued and delivered by the Company on the closing date pursuant to this Agreement will be, upon such issuance, validly issued, full paid and non-assessable and will conform to the description thereof in the Prospectus;
- (iii) the shares of Common Stock of the Company which are to be offered to officers, directors and employees of the Company, pursuant to the "Employees' Stock Purchase Plan" summarized in the Prospectus, will, when issued and delivered in accordance with the terms and provisions of the said Stock Purchase Plan, be validly issued, full-paid and non-assessable.
- (iv) the Warrants to be attached to the certificates for the Preferred Stock will upon delivery be valid and binding obligations of the Company to issue one share of Common Stock for each share of Preferred Stock represented by the certificate to which such Warrants are attached at a purchase price of \$11.25 per share, valid up to and including January 15, 1954 or until the earlier acquisition by the Company of the shares of the Preferred Stock represented by the certificate to which the Warrants shall be attached, and otherwise conform to the description thereof in the Prospectus;
- (v) the shares of Common Stock issuable upon the exercise of said Warrants have been duly reserved for such issuance and, when so issued against payment therefor as provided in the Warrant, will be, upon such issuance, validly issued, fully paid and non-assessable;
- (vi) the scrip certificates, evidencing fractional interests in shares of Common Stock, if any, which may be issuable upon the exercise of the Warrants will, upon the issuance thereof, be valid and binding obligations of the Company in accordance with their terms, and will otherwise conform to the description thereof in the Prospectus;
- (vii) the answers to the Items of the Registration Statement on Form S-1 (or the information included in the Prospectus responsive to such Items) in so far as the same relate to contents of contracts and other documents referred to or specified in such answers (or in such information) constitute proper and correct summaries or outlines of such of the material provisions of the respective contracts or other documents therein referred to or specified as are required by such Items and by the rules and regulations of the Commission for the preparation of the Registration Statement to be outlined or summarized in the answers to said Items or in the Prospectus; and such counsel do not know of any contracts or documents required to be referred to therein or filed as exhibits thereto which are not so referred to or filed;
- (viii) subject and subsequent to the purchase by the Underwriters of the securities of the Company agreed to be purchased by them pursuant to this Agreement, and subject to funds being lawfully available therefor, the Board of Directors of the Company will have the legal power to declare a dividend of 22½¢ per share on the Common Stock of the Company, payable on April 1, 1949 to the holders of record on March 15, 1949; the funds lawfully available for the payment of this dividend being the sum of (a) the Company's net income, if any, from February 1 to April 1, 1949 after deducting the first quarterly dividend on the Preferred Stock of \$30,000, (b) \$500,000 and (c) the aggregate net consideration, if any, received by the Company from the issue or sale subsequent to February 15, 1949, of shares of Common Stock;
- (ix) while not passing upon the accuracy or completeness of the financial statements, as to which they express no opinion, no facts have come to their attention which lead them to believe that the Registration Statement or Prospectus, on the effective date of the Registration Statement, contained an untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and the Registration Statement and Prospectus comply, as to form, with the requirements of the Securities Act and the rules and regulations of the Commission thereunder;

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- (x) said counsel do not know of any litigation (including proceedings before any governmental commission, agency or body) instituted or threatened against the Company required to be disclosed in the Registration Statement, on Form S-1, which is not disclosed and correctly summarized therein;
- (xii) the Company has duly acquired all of the assets, subject to the liabilities, of Bryant Heater Company, Payne Furnace Company, and Day & Night Manufacturing Company pursuant to the terms of the respective agreements between the Company and the said corporations summarized in the Prospectus and annexed as exhibits to the Registration Statement; and
- (xii) this Agreement has been duly authorized by the Company and is a valid and binding instrument of the Company.
- (e) On or before the closing date the Company at its expense shall have furnished to the Representative an opinion, bearing the closing date, of Messrs. McA(ee, Grossman, Taplin, Hanning, Newcomer & Hazlett, addressed to the several Underwriters, to the effect that the Company, at the consummation of the closing, will own and have good and marketable title in fee simple to all of the real property, and good and marketable title to all the machinery and equipment, described or referred to in the Registration Statement and Prospectus, free and clear from substantial liens, defects or encumbrances and that the Company, at the consummation of the closing, will also validly hold the leases, casements, and other interests in real property indicated in the Registration Statement and Prospectus as to be acquired by it.
- (f) There shall be delivered to the Representative, on the closing date, at a time prior to the closing, a certificate, addressed to the several Underwriters, dated as of said date, signed by the President or a Vice President and the Treasurer or the Assistant Treasurer of the Company stating: that the Company has an authorized capitalization consisting of 40,000 shares of \$3.00 Cumulative Preferred Stock of the par value of \$50 per share, none of which are outstanding, and 2,000,000 shares of Common Stock of the par value of \$1.00 per share, none of which are outstanding; since the respective dates as of which information is given in the Registration Statement and the Prospectus, the Company has not incurred any substantial liabilities or obligations, direct or contingent, except in the ordinary course of its business, and there has not been any material adverse change in the general affairs, capitalization, financial condition or net worth of the Company, except as disclosed or indicated in the Registration Statement and Prospectus; since the effective date of the Registration Statement, the Company has not entered into any material contract except such, if any, as shall be designated in said certificate (none of which shall be with an officer or employee and all of which shall have been disclosed to the Representative forthwith upon the making thereof), or, since said date, sold or disposed of any of its assets, except in the ordinary course of business; and that there is not pending, or threatened to the knowledge of the signers of said certificate, any suit or litigation (including proceedings before any governmental commission, agency or body) involving the Company, or any of the property of the Company, of a character that would be required to be disclosed in a Registration Statement filed under the Act, except as disclosed in the Registration Statement.
- (g) There shall have been delivered to the Representative certificates, dated not later than two (2) days prior to the closing date, each stating that the signer thereof has carefully examined the Registration Statement and that, in the opinion of the signer, the statements therein (except the information furnished by or on behalf of the Underwriters) are true and correct and do not omit any material fact required to be stated therein or necessary to make the statements therein not misleading—one such certificate to be signed by a principal executive officer of the Company and another such certificate to be signed by a principal financial officer of the Company.
- (h) Messrs. Sanderson & Porter, independent industrial engineers, at the expense of the Company, shall have furnished the Representative, prior to the closing date, a letter, dated subsequent to the effective date of the Registration Statement, stating that in their opinion, based upon their investigation, the information in the Registration Statement pertaining to history, business, management and properties is true and correct and does not contain any material omissions.

- (i) Neither the Registration Statement nor any amendment to the Registration Statement shall have been filed with the Securities and Exchange Commission to which the Representative shall have reasonably objected in writing after receiving adequate notice and which objection was not subsequently satisfied or withdrawn.
- (j) On the closing date, the Company shall not be in default in the performance of any of its obligations hereunder.
- (k) None of the representations or warranties of the Company contained herein or any statement contained in the Registration Statement or Prospectus shall have been found by any of the Underwriters at or prior to the time of closing to be incorrect or misleading in any material respect.

All of the opinions, certificates and letter mentioned in paragraphs (d), (e), (f), (g) and (h) of this Article Eighth shall be deemed to be in compliance with the provisions hereof only if they are in form satisfactory to Messrs. Townsend & Lewis, counsel for the Underwriters.

In the event that any of the conditions stated or referred to in this Article Eighth shall not be fulfilled, each Underwriter shall be entitled to cancel and terminate its rights and obligations under this Agreement by written or telegraphic notice to the Company, at any time up to and including the closing date without liability except as otherwise herein expressly provided.

NINTH: Further Conditions of Underwriters' Obligations. Underwriters who have agreed to pay, subject to the terms and conditions herein stated, in the aggregate at least 40% of the aggregate purchase price of the shares of stock covered by this Agreement, may also in their own unrestricted discretion cancel and terminate their rights and any obligations they may have under this Agreement by notice to the Company at any time up to the effective date of this Agreement.

In the event that any Underwriter shall elect to terminate its rights and obligations as provided in Article Eighth or this Article Ninth, then this Agreement shall, unless other Underwriters (who may become such as provided by Article Second hereof) assume the obligations and acquire the rights so cancelled and terminated, become cancelled and terminated as to all parties to the Agreement.

TENTH: Further Agreements of the Company. The Company further agrees as follows:

- (a) Upon receipt of the proceeds to be received by it from the Underwriters in payment for the shares of Preferred Stock (with Warrants attached) and Common Stock to be purchased by the Underwriters hereunder, it will promptly apply such proceeds to the payment of the notes which shall have been issued by the Company to Bryant Heater Company, I'ayne Furnace Company, and Day & Night Manufacturing Company, in consideration for the acquisition of the assets of the said corporations, subject to the liabilities thereof, pursuant to the terms of the respective agreements between the Company and said corporations summarized in the Prospectus and annexed as exhibits to the Registration Statement.
- (b) Upon receipt of the sum of \$4,000,000 to be borrowed by it from the Massachusetts Mutual Life Insurance Company and other life insurance companies, pursuant to the terms of the Term Loan Agreements summarized in the Prospectus and annexed as exhibits to the Registration Statement, the Company will promptly apply so much thereof, as shall be necessary, to discharge in full the balance of any obligations to Bryant Heater Company, Payne Furnace Company and Day & Night Manufacturing Company, in connection with the acquisition of the assets of the said corporations, which shall be outstanding after the application of the proceeds provided for in paragraph (a) hereof.
- (c) For services rendered by the Underwriters, and in addition to any other commissions herein elsewhere provided, the Company agrees to pay to the Representatives, for the account of the several Underwriters, when and if the shares provided to be purchased under this agreement have been purchased and paid for, the sum of \$134,000.
- (d) Subject to the purchase by the Underwriters of the securities of the Company agreed to be purchased pursuant to this Agreement, and subject to there being, in the opinion of counsel for the

Exhibit 14(b)

REYNOLDS & CO. 120 EROADWAY NEW YORK S, N. Y.

# Affiliated Gas Equipment, Inc.

40,000 Shares of

1,000,000 Shares

of

\$3.00 Cumulative Preferred Stock

(Par Value \$50.00 Per Share)

With Non-Detachable Common Stock Purchase Warrants

Common Stock (Par Value \$1.00 Per Share)

## AGREEMENT AMONG UNDERWRITERS

January 11, 1949.

To each of the Underwriters named or referred to in Article Second of the proposed Underwriting Agreement attached hereto who confirm this Agreement in the manner herein provided:

## DEAR SIRS:

This is to confirm that you, as several Underwriters, have agreed together as follows with reference to the proposed purchase by each of you, acting severally, of shares of Preferred Stock with Non-Detachable Common Stock Purchase Warrants attached to the certificates thereof evidencing the right to purchase one share of Common Stock of the par value of \$1.00 per share for each share of Preferred Stock represented by each such certificate (hereinafter referred to as the "Warrants") and Common Stock of Affiliated Gas Equipment, Inc., a Delaware corporation (hereinafter called the "Company"), pursuant to the proposed Underwriting Agreement with the Company, attached hereto, and hereinafter called the "Underwriting Agreement":

1. The Underwriter who confirms this copy of the Agreement among Underwriters hereby agrees that, upon the terms and subject to the conditions set forth in the Underwriting Agreement, it will purchase from the Company the respective numbers of shares of Preferred Stock (with Warrants attached) and Common Stock set opposite its name in Article Second of the Underwriting Agreement; hereby authorizes and approves the execution and delivery by us on its behalf of the Underwriting Agreement; authorizes us to notify the Company, pursuant to the Underwriting Agreement, that such Underwriter has confirmed and approved such action and, subject to the provisions of the Underwriting Agreement, has become a party to the Underwriting Agreement; authorizes us to act on its behalf and as its Representative for the purpose of carrying the Underwriting Agreement into effect and for the several purposes set forth herein and in such Underwriting Agreement; and authorizes us to exercise in our absolute discretion all of the authority vested in the Underwriters or in ourselves by the provisions of the Underwriting Agreement, including the determination of all matters expressly left by the Underwriting Agreement to mutual agreement, to take all such action as we may believe desirable in order to carry out the provisions of the Underwriting Agreement and this Agreement, including authority to agree to any modification of the terms of the Underwriting Agreement which, in our judgment, is not a material modification, and to manage the public offering of such Preferred Stock with Warrants attached (which stock either with or without Warrants attached is sometimes hereinafter called the "Preferred Stock") and Common Stock.

- 2. The initial public offering of the shares of such Preferred Stock (with Warrants attached) and Common Stock is to be made not later than the seventh business day after the effective date of the Registration Statement referred to in the Underwriting Agreement, at the respective initial public offering prices determined by us and set forth in the Prospectus. After the initial public offering, we may in our discretion change the public offering prices of the shares. We will notify you promptly of the respective initial public offering prices and of any changes thereinafter.
- 3. Each Underwriter has authorized us, for its account, to reserve for sale, and to sell and deliver to certain dealers selected by us (hereinafter called "dealers"), who may include any or all of the Underwriters, under the terms and provisions of a selling agreement in substantially the form attached hereto (hereinafter called the "Sclling Agreement") and superseding selling arrangements to the extent set forth below, such respective numbers of shares as we shall determine of the Preferred Stock and Common Stock, which such Underwriter has agreed to purchase under the Underwriting Agreement. Such sales shall be made for the respective accounts of the Underwriters as nearly as may be practicable, and so long as shares of the respective Underwriters are available therefor, in the ratio which the respective numbers of shares of such Preferred Stock and Common Stock reserved for the account of each Underwriter, in each case, bears to the respective aggregate numbers of shares of such Preferred Stock and Common Stock so reserved. At or before the public offering, we will advise each Underwriter as to the respective numbers of shares so reserved for its account. Each Underwriter has authorized us, on its behalf and as its Representative, to take all such action as we may deem advisable in respect of all matters pertaining to sales of such shares to dealers, including the right to make any variation in the provisions of the Selling Agreement which in our judgment is not a material variation and to adopt superseding selling arrangements with different public offering prices and different concessions to dealers and other terms and provisions, but we shall not make any sale under any such superseding selling arrangement of any of the shares so reserved for any Underwriter's account without the consent of such Underwriter or telegraphic notice to such Underwriter proposing such sales to which such Underwriter has not objected by notice to us received within one full business day after the transmission of such telegraphic notice.
- 4. Each Underwriter agrees that, until the termination of the Selling Agreement or superseding selling arrangements which terminate not later than the Selling Agreement, all offers to sell and sales of any of the shares by it, except as herein provided, shall be made in all respects in compliance with and subject to the provisions of the Selling Agreement or such superseding arrangements then in effect; provided, however, that, with our consent or after the books in respect of the offering to dealers have been closed, any Underwriter may sell shares to any other Underwriter at the respective public offering prices less concessions not in excess of the concessions to dealers.
- 5. We shall determine, in our discretion, whether the Selling Agreement shall be made effective in respect of the Preferred Stock and/or Common Stock. In the case of shares of the said Preferred Stock and Common Stock, as to which the Selling Agreement be not made effective, in making direct sales of such shares prior to the termination of this Agreement or during such shorter period as we may determine, the Underwriters will sell such shares purchased by them

under the Underwriting Agreement at the respective public offering prices. During the afore-said period, the Underwriters, on sales to qualified dealers, may reallow not in excess of \$.25 per unit in the case of such Preferred Stock and \$.25 per share in the case of the Common Stock and, on sales to us, acting for the accounts of the several Underwriters, and, after such time as we may fix, on sales to other Underwriters, may allow a concession of not in excess of \$3.25 per unit in the case of such Preferred Stock unit and \$1.25 per share in the case of the Common Stock.

- 6. We may, in our discretion, charge the account of any Underwriter with amounts equal to the respective concessions initially allowed to dealers under the Selling Agreement in respect of each share of Preferred Stock and Common Stock, purchased by such Underwriter and not sold for its account by us (and each share which we believe has been substituted therefor) which for the account of any Underwriter we may purchase or contract to purchase prior to the termination of the selling arrangements, or which may be delivered against a purchase contract made by us, for the account of any Underwriter, prior to the termination of the selling arrangements, or in lieu of such charge, require such Underwriter to repurchase, on demand, at the total cost thereof (including commissions), plus transfer taxes, any or all such shares so purchased, contracted to be purchased, or delivered.
- 7. Each Underwriter has agreed that, at least one hour prior to the Closing Date as defined in the Underwriting Agreement, it will deliver to us at our office, 120 Broadway, New York 5, N. Y., a certified or bank cashier's check, payable in New York Clearing House Funds, to the order of Affiliated Gas Equipment, Inc., for the full purchase price of Preferred Stock (with Warrants attached) and Common Stock which such Underwriter has agreed to purchase from the Company under the Underwriting Agreement. Such checks are to be delivered by us to the Company against delivery to us of such respective shares, for the accounts of such Underwriters. Each Underwriter has, however, authorized us as its Representative, in our discretion, to advance funds, at current interest rates, or to arrange loans for such Underwriter's account, for the purpose of such payment of the purchase prices mentioned in this paragraph and, notwithstanding any provisions of Paragraph 8 hereof to hold or pledge any or all of its shares as security therefor. In the event of any such advance or loan, repayment thereof shall be effected prior to the making by us of any remittance pursuant to Paragraph 8 hereof.
- 8. We shall remit to each Underwriter, as promptly as may be practicable, amounts equal to the purchase price paid by such Underwriter in respect of units or shares sold by us for its account pursuant to the provisions of Paragraph 3 hereof for which payment has been received. Certificates for shares purchased by each Underwriter under the Underwriting Agreement and not reserved for sale to dealers shall be delivered to such Underwriter as promptly as may be practicable after their receipt by us. Certificates for shares so purchased by any Underwriter and reserved for sale to dealers which remain unsold at any time prior to the settlement of accounts hereunder may, in our discretion, and shall, upon the request of such Underwriter, be delivered to such Underwriter, but, in our discretion, until the settlement of accounts hereunder, for carrying purposes only. Unless notified at least three full business days prior to the Closing Date to make other arrangements, we may, in our discretion, advise the Company to prepare certificates for each Underwriter's Preferred Stock and Common Stock, in the name of the Underwriter and, so far as possible, in denominations of 100 shares each.
- 9. In the event of failure of any Underwriter to tender payment for shares as provided under the Underwriting Agreement, we shall have the right, under and subject to the provisions thereof, to arrange for other persons, who may include ourselves and any other Underwriters, to purchase the shares which such defaulting Underwriter agreed to purchase.
- 10. Each Underwriter has authorized us in our discretion and for its account, until the settlement of accounts under this Agreement, to overallot shares of such Preferred Stock and Common Stock, respectively, and, from the effective date of the Registration Statement, to purchase

and sell shares of Preferred Stock and Common Stock, respectively, in the open market or otherwise, for long or short account, in such amounts, at such prices, on such bases, and in such manner as we may determine; provided, however, that at no time shall the net commitment of any Underwriter, either for long or short account, resulting from such overallotments and such purchases and sales, exceed ten per cent of the number of shares of such Preferred Stock and Common Stock, respectively, which such Underwriter is obligated to purchase under the Underwriting Agreement, except as set forth below in the event of default of an Underwriter in carrying out its commitment under this Paragraph 10. Such purchases and sales, through overallotments or otherwise, shall be for the respective accounts of the several Underwriters, as nearly as may be practicable, in proportion to the respective numbers of shares of such Preferred Stock and Common Stock, respectively, which each Underwriter has agreed to purchase pursuant to the Underwriting Agreement, except that, in the event that any Underwriter defaults in carrying out its commitment under this Paragraph 10, the other Underwriters not so defaulting shall assume such commitment in the same proportions as the numbers of shares of Preferred Stock and Common Stock, respectively, which such other Underwriters have agreed to purchase under the Underwriting Agreement bear to the total number of shares of such Preferred Stock and Common Stock, respectively, which such other Underwriters have agreed to purchase, without, however, relieving such defaulting Underwriter from its liability therefor. Any long or short position resulting from such purchase or overallotments or sales, as the case may be, and any profits or losses arising therefrom, shall be for the respective accounts of the Underwriters, as nearly as practicable in proportion to the number of shares of such Preferred Stock and Common Stock, respectively, which each such Underwriter has agreed to purchase pursuant to the Underwriting Agreement. Our ascertainment of such profits or losses and the apportionment thereof shall be conclusive. Each Underwriter has agreed that it will, upon request, take up at cost, but, in our discretion, until the settlement of accounts hereunder, for carrying purposes only, shares so purchased by us for its account, and upon our request deliver to us shares so sold for its account, through overallotment or otherwise. We shall have full discretionary power to pay such commissions in connection with such purchases and sales as we may deem proper and to charge the respective accounts of the Underwriters with such commissions on purchases and sales effected by us for their respective accounts.

- 11. Each Underwriter agrees that, at any time or times prior to the settlement of accounts hereunder, it will upon our request report to us the respective number of shares of such Preferred Stock and Common Stock purchased by it under the Underwriting Agreement which then remain unsold and will, upon our request, sell to us for the respective accounts of the Underwriters so many of such shares as we may designate at the respective initial public offering prices thereof, less an amount to be determined by us but not in excess of the respective Selling Group concession.
- 12. Each Underwriter agrees that, during the term of this Agreement, it will make no purchases or sales for its own account, except with our consent, of any shares of such Preferred Stock or Common Stock of the Company (other than sales of shares which it has agreed to purchase under the Underwriting Agreement and which are not sold to Selling Group Members). This Agreement does not, however, prohibit any Underwriter from buying or selling any such Preferred Stock or Common Stock of the Company as a broker pursuant to unsolicited orders for the purchase or sale thereof.
- 13. Each Underwriter has authorized us, as its Representative, to file with the Securities and Exchange Commission any notices and reports which may be required by Rule X-9A6-3 or Rule X-17A-2 or any other applicable rules or regulations of the Securities and Exchange Commission as a result of any transactions made by us for the respective accounts of the Underwriters pursuant to the foregoing authorization. We have agreed that we will notify each Underwriter if we effect any such transactions. Each Underwriter has and assumes for itself the responsibility for making the requisite reports required by the rules and regulations of the said Commission with respect to its own transactions which are subject thereto.

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- 14. We may charge against the account of each Underwriter any and all expenses incurred by us on its behalf and as its Representative in connection with the purchase and sale of the shares covered by the Underwriting Agreement. All such expenses of a general nature incurred by us shall be borne by the Underwriters and each Underwriter will be obligated to bear the same percentage of such expenses as the purchase price of the number of shares to be purchased by it bears to the aggregate purchase price of the total number of shares to be purchased by all the Underwriters, except that transfer taxes shall be charged to the accounts of the respective Underwriters only to the extent that sales of shares are made for the accounts of such Underwriters. In the event of the failure of any Underwriter to fulfill its obligations hereunder, the expenses chargeable to such Underwriter pursuant to this Agreement and not paid, as well as any additional losses or expenses arising from such default, may be charged against the other Underwriters not so defaulting in the same proportions as the purchase prices of the respective numbers of shares which such other Underwriters have agreed to purchase under the Underwriting Agreement bears to the aggregate purchase price of the total number of shares which such other Underwriters have so agreed to purchase, without, however, relieving such defaulting Underwriter from its liability therefor. Our ascertainment of all expenses and losses and apportionment thereof shall be conclusive.
- 15. We shall not be accountable for interest on funds of any of the Underwriters at any time in our hands, and any such funds may be held by us unsegregated from our general funds.
- 16. As compensation for services rendered and to be rendered to the Underwriters, each Underwriter agrees to pay to Reynolds & Co., individually and not as Representative, a sum equal to \$.25 per share for each share of the Preferred Stock (with Warrant attached) and \$.15 per share for each share of the Common Stock, purchased by each such Underwriter and each Underwriter directs the Representative to charge its account accordingly.
- 17. Each Underwriter acknowledges that it has received a copy of the Registration Statement as filed with the Securities and Exchange Commission on December 6, 1948, and Amendments thereto filed with the Commission on December 28, 1948 and January 5, 1949, and agrees to be designated in the Registration Statement and the Prospectus as an Underwriter, but on the cover page of the Prospectus and in any announcements in connection with the public offering of the shares there shall be set forth the names of only such of the Underwriters, in addition to ourselves, as we may determine. The Registration Statement and the Prospectus may be further amended, but no amendment or change shall release any Underwriter hereunder or under the Underwriting Agreement. Each Underwriter confirms that the Statements made under the heading "Terms of Offering" in the form of Prospectus included in the Registration Statement are to the best of its information and belief correct and authorizes us, as its Representative, to furnish the Company with the information to be set forth under said heading in the final form of Prospectus.
- 18. In all actions taken hereunder, except in the performance of our own obligations hereunder, and under the Underwriting Agreement, we shall act only as Representative of each of the Underwriters. Nothing contained herein shall constitute the Underwriters partners or render any of them liable to make payments otherwise than as herein provided or affect the several nature of the obligations under this Agreement or the Underwriting Agreement.
- 19. We shall be under no liability for or in respect of the validity or value of, or title to, the shares or the Warrants (or Scrip Certificates which may be issued for fractional shares); the form of, or the statements contained in, or the validity of, the Registration Statement or Prospectus, or any amendment or supplement thereto, or any other letters or instruments executed by the Company or others; the form or validity of the Underwriting Agreement, the Selling Agreement, or this Agreement; the delivery of the shares; the performance by the Com-

pany, or others, of any agreement on its or their part; the qualification of the shares for sale under the laws of any jurisdiction; or any matter in connection with any of the foregoing, except for our own want of good faith and for obligations expressly assumed by us in this Agreement, and except for any liabilities that may be provided by the Securities Act of 1933, as amended, and the rules and regulations thereunder; and no obligation not expressly assumed by Reynolds & Co. in this Agreement shall be implied hereby.

- 20. Each Underwriter has agreed to indemnify, hold harmless, and reimburse each other Underwriter and each person, if any, who controls such other Underwriter within the meaning of Section 15 of the Securities Act of 1933, as amended, to the extent, and upon the terms, that such Underwriter agrees to indemnify, hold harmless, and reimburse the Company and its officers and directors and each person, if any, who controls the Company within the meaning of Section 15 of the Act, pursuant to the provisions of paragraph (b) of Article Sixth of the Underwriting Agreement. This indemnity agreement shall remain in full force and effect regardless of any investigation made by or on behalf of such other Underwriter or controlling person.
- 21. The Selling Agreement will terminate as set forth therein. Accounts will be settled under this Agreement on the twentieth day after the termination of the Selling Agreement or on such earlier date as we may determine; provided, however, that we may postpone such settlement for not exceeding ten days. Upon the settlement of accounts under this Agreement, any shares, if any, held by us for the account of any Underwriter shall be delivered by us to such Underwriter, and the net credit or debit balance of each Underwriter shall be paid to it or collected from it by us, but we may establish such reserves-as we may deem advisable against any expenses or claims not then ascertained. Any shares of such Preferred Stock and Common Stock which are held by us for the account of any Underwriter by reason of a default by a dealer in respect of the purchase thereof shall be purchased by the Underwriters, as nearly as may be practicable, in the ratio which the respective numbers of shares of Preferred Stock and Common Stock reserved for the account of each Underwriter in each case bears to the aggregate number of shares of such Preferred Stock and Common Stock so reserved, at the net prices at which such respective shares were contracted for sale to such dealer, and we are authorized to make appropriate charges and credits to the respective accounts of the Underwriters for this purpose. Notwithstanding any distribution and settlement of accounts hereunder, each Underwriter shall remain liable in respect of its indemnity agreement contained in Paragraph 20 hereof, and shall also remain liable for its proportionate share of any expenses and losses chargeable to it under the provisions of Paragraph 14 hereof which may not have been taken in account in the making of such distribution and settlement and for its proportionate share of any transfer tax or other liability which may be asserted against us or any one or more of the Underwriters in respect of this Agreement or the Underwriting Agreement, including any liability based upon the claim that the Underwriters constitute a partnership, an association, an unincorporated business, or other separate entity.
- 22. Each Underwriter agrees to comply with any applicable provision of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities and Exchange Commission. Each Underwriter represents that it is a member in good standing of the National Association of Securities Dealers, Inc. and agrees to comply with any applicable provision of the Rules of Fair Practice of the National Association of Securities Dealers, Inc.
- 23. We, as Representative of the several Underwriters, will cause to be filed a Further State Notice in respect of the Preferred Stock (with Warrants attached) and Common Stock, to be offered to the public in the State of New York, pursuant to the provisions of Article 23-A of the General Business Law of the State of New York. Likewise, as Representative of the several Underwriters, we will cause to be filed with the Pennsylvania Securities Commission, Harrisburg, Pennsylvania, a copy of the definitive Prospectus and a statement with respect to the dealers offered participation in the Selling Group.

- 24. Any notice to any Underwriter shall be deemed to have been duly given if mailed, telegraphed, or delivered in person to such Underwriter at its address as stated in the Registration Statement.
- 25. This Agreement may be signed in any number of counterparts which taken together shall constitute one and the same instrument.
- 26. This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of New York.

Please confirm that the foregoing is in accordance with your understanding by signing the enclosed counterpart hereof as indicated below and returning such counterpart promptly to us, at 120 Broadway, New York 5, N. Y., whereupon this letter and your acceptance thereof shall constitute a binding agreement among the several Underwriters who shall have accepted the same.

Very truly yours,

#### REYNOLDS & CO.,

By H. S. STOVALL General Partner

Acting as Representative of the Several Underwriters

Confirmed: January 11, 1949.

For Corporate
Signature

By

(Title of Authorized Officer)
(Attorney in fact)

For Partnership
Signature

By

(A partner)
(Attorney in fact)

Exhibit 14(c)

REYNOLDS & CO.
120 BROADWAY
NEW YORK 3, N. Y.

# Affiliated Gas Equipment, Inc.

40,000 Shares

1,000,000 Shares

of

of

\$3.00 Cumulative Preferred Stock

Common Stock

(Par Value \$50.00 Per Share)

(Par Value \$1.00 Per Share)

With Non-Detachable Common Stock Purchase Warrants

### SELLING AGREEMENT

January , 1949.

DEAR SIRS:

The Underwriters named in the Prospectus enclosed herewith have severally agreed, subject to certain terms and conditions, to purchase from Affiliated Gas Equipment, Inc., a Delaware Corporation (hereinafter sometimes called the "Company"), an aggregate of 40,000 shares of its Preferred Stock with non-detachable Common Stock Purchase Warrants attached to the certificates thereof evidencing the right to purchase one share of Common Stock of the par value \$1.00 per share for each share of Preferred Stock represented by each such certificate (hereinafter referred to as the "Warrants") and 1,000,000 shares of its Common Stock, all as set forth in such Prospectus.

The initial public offering price will be \$50.00 per unit in the case of the Preferred Stock (with Warrants attached) and \$9.25 per share in the case of the Common Stock.

The Underwriters are offering to you and to certain other securities dealers (hereinafter sometimes called "Selling Group Members") the right to accept membership in a Selling Group and to enter subscriptions, subject to confirmation and allotment, for the purchase from the Underwriters, as principals, of certain of such shares, subject to their receipt and acceptance by the Underwriters, and subject to the terms and conditions herein set forth, at the respective initial public offering prices less a concession of \$2.00 per unit in the case of such Preferred Stock (with Warrants attached) and \$.75 per share in the case of the Common Stock, payable as hereinafter provided. This offering is several and not joint, various Underwriters each offering a part of the aggregate number of shares offered to Selling Group Members.

Subscription books will be open at the office of Reynolds & Co., 120 Broadway, New York 5, N. Y., at a time and date to be specified in a telegram from us, and may be closed by us at any time, without notice. Subscriptions transmitted by telephone shall be confirmed by letter or telegram. The right is reserved to reject any subscription in whole or in part and to allot against subscriptions in our uncontrolled discretion, but as promptly as may be practicable following such subscription. Please confirm your acceptance of membership in the Selling Group upon the terms and conditions hereof by completing and signing the form for that purpose on the enclosed counterpart of this letter and returning such counterpart promptly to us at 120 Broadway, New York 5, N. Y.

You may immediately reoffer shares for sale at the respective initial public offering prices, subject to their receipt and acceptance by the Underwriters, to confirmation and allottment and to the other terms and conditions herein set forth. Until the termination of this agreement, shares may be offered for sale or sold by you only at the respective public offering prices, except with our approval and except that not in excess of \$.25 per unit in the case of such Preferred Stock (with Warrants attached) and \$.25 per share in the case of the Common Stock may be reallowed to any dealer who is a member of the National Association of Securities Dealers. Inc., if it is to be retained by such dealer and not reallowed by such dealer in whole or in part. We are authorized to determine from time to time the public offering price of the shares, the concession to Selling Group Members, and the reallowance to other dealers.

All or any part of the aforesaid concession of \$2.00 per unit in the case of such Preferred Stock (with Warrants attached) and \$.75 per share in the case of the Common Stock may be allowed by you on sales to us, acting for the accounts of the several Underwriters, and, after the close of subscription books, all or any part of such concession may be allowed by you on sales to other Selling Group Members or to the Underwriters.

Shares allotted to you hereunder shall be paid for in full, at the respective initial public offering prices, at the office of Reynolds & Co., 120 Broadway, New York 5, N. Y., prior to 10 A. M., Eastern Standard Time, on the third full business day after the initial public offering date or such later day as we may advise, by certified or bank cashier's check payable in New York Clearing House funds to the order of Reynolds & Co., against delivery of certificates in temporary or definitive form.

The above-mentioned concessions in respect of shares purchased and paid for by you will be held by us for your account and will be paid to you after the termination of this agreement, except that, as to any shares delivered to you hereunder and shares which we believe have been substituted therefor which for the account of any Underwriter we may purchase or contract to purchase prior to the termination of this agreement, or which may be delivered against a purchase contract made by us for the account of any Underwriter, prior to the termination of this agreement, we shall not be obligated to pay the concessions to which you would have been entitled if such shares had been placed with a person who had retained them. Notwithstanding the distribution of the amount of any concessions to you, you agree to pay your proportionate share of any transfer tax, claim, demand or liability asserted against you and the other dealers to whom shares of such Preferred Stock and Common Stock are sold in accordance with the terms of this agreement, or any of them, or against us as Managers of the Selling Group, based on the claim that such dealers constitute a syndicate, association, unincorporated business or other separate entity.

You agree, upon our request, at any time or times prior to the termination of this agreement, to report to us the number of shares purchased by you hereunder which then remain unsold by you and you will upon our request, sell to us as many of such shares as we may designate at the respective initial public offering prices thereof, less an amount to be determined by us but not in excess of \$2.00 per unit in the case of such Preferred Stock (with Warrants attached) and \$.75 per share in the case of the Common Stock.

The Underwriters have been advised by the Company that the Registration Statement descriptive of the Preferred Stock, the Warrants, the Common Stock (and Scrip Certificates for fractional shares) was filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, and that such Registration Statement became effective on January , 1949. No person is authorized by the Company or by any of the Underwriters, to give any information or make any representation other than as contained in the Prospectus, in connection with the offering or sale of the shares. You are to act as principal in purchasing shares hereunder and are not authorized to act as agent for the Company or any of the Underwriters in offering the shares to the public or otherwise. Nothing contained herein shall constitute the Selling Group Members partners with any of the Underwriters or with one another.

Neither we nor any of the Underwriters shall be under any liability for or in respect of the validity or value of, or title to, shares of stock, Warrants or Scrip Certificates; the form of, or the statements contained in, or the validity of, the Registration Statement or Prospectus, or any amendment or supplement thereto, or any other letters or instruments executed by the Company or ohers; the form or validity

of the Underwriting Agreement, the Agreement Among Underwriters, or this agreement; the delivery of the shares; the performance by the Company or others of any agreement on its or their part; the qualification of the shares for sale under the laws of any jurisdiction; or any matter in connection with any of the foregoing, except for our own want of good faith, and except for any liabilities that may be provided by the Securities Act of 1933, as amended, and the Rules and Regulations thereunder.

Each Selling Group Member agrees to comply with all requirements of the Securities Act of 1933, as amended, any applicable requirements of the Securities Exchange Act of 1934, as amended, and any applicable provisions of the Rules of Fair Practice of the National Association of Securities Dealers, Inc.

Upon request to us you will be informed as to the states in which we believe the Preferred Stock (with Warrants attached) and the Common Stock to be qualified for sale under state securities or blue-sky laws. We do not assume any obligation or responsibility as to the right of any dealer to sell such Preferred Stock (with Warrants attached) or the Common Stock in any state. We, as Representative of the several Underwriters, will cause to be filed a Further State Notice in respect of such Preferred Stock and Common Stock to be offered to the public in the State of New York pursuant to the provisions of Article 23-A of the General Business Law of the State of New York. Likewise, as Representative, we shall file with the Pennsylvania Securities Commission, Harrisburg, Pennsylvania, a copy of the definitive Prospectus and a statement with respect to the dealers offered membership in the Selling Group.

The offering will be advertised on January . 1949. After such advertisement has appeared, you will be free to advertise on your own responsibility, over your own name, at your own expense.

This agreement shall terminate at the close of business on the twentieth day after the initial public offering, or on such earlier date as we may determine; provided, however, that we may extend this agreement for not exceeding ten days. Whether or not this agreement has been terminated, you shall be liable for your proper proportion of any transfer tax or other liability which you alone, you together with other dealers purchasing shares hereunder, any of the Underwriters, or we may incur, based upon the claim that the Selling Group Members, or any of them, constitute a partnership, an association, an unincorporated business, or other separate entity.

If you desire to be a member of the Selling Group, please advise us to that effect by telegram and sign and return to us the enclosed copy of this letter.

Very truly yours,

REYNOLDS & CO.

Selling Group Manager

January , 1949.

We accept membership in the Selling Group as outlined above. We acknowledge receipt of Prospectus dated January 1949, and confirm that in subscribing for and agreeing to purchase shares we shall rely upon no other statement whatsoever, written or oral. We confirm that we are members in good standing of the National Association of Securities Dealers, Inc.

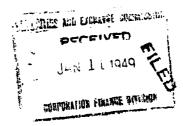


Exhibit 15(a)

#### AGREEMENT FOR SALE OF ASSETS

#### BRYANT HEATER COMPANY

This Instrument, executed this 5th day of January, 1949, by Affiliated Gas Equipment, Inc., a Delaware corporation (hereinafter sometimes referred to as "Buyer") and BRYANT HEATER COMPANY, an Ohio corporation (hereinafter sometimes referred to as "Seller"), is to evidence the following agreement between Buyer and Seller.

## PRELIMINARY STATEMENT OF FACTS

Seller desires to sell to Buyer and Buyer desires to purchase from Seller all of the assets, property and business of Seller as of the close of business October 31, 1948, subject to adjustments resulting from operations of Seller subsequent thereto and prior to the consummation of the purchase. It has been agreed that the consideration for the purchase will be the delivery by Buyer to Seller of a cognovit demand note for the sum of \$6,100,000, payable in current New York funds, bearing interest at the rate of 4% per annum and the assumption by Buyer of Seller's liabilities as of the close of business October 31, 1948, as shown on a Balance Sheet of Seller as of said date, which has been prepared at the instance of Seller and which, together with a Profit and Loss Statement of Seller for the year ended October 31, 1948, are annexed to this Agreement and marked Annex "A."

While the purchase of the assets and assumption of the liabilities of Seller will be made by Buyer as of the close of business October 31, 1948 (hereinafter referred to as the "take-over date"), the date of delivery of the conveyances of Seller's assets to Buyer and of the payment by Buyer to Seller of the purchase price as aforesaid and of the delivery by Buyer to Seller of its agreement of assumption of liabilities of Seller (hereinafter referred to as the "closing date") will be delayed due to the necessity of completing the organization of Buyer and procuring from underwriters a firm commitment for the purchase of Buyer's stock, as more particularly hereinafter set forth, and due to the necessity of preparing conveyances, examining titles and attending to other details necessary to be attended to after the execution of this Agreement. It has therefore been agreed that all operations of Seller, subsequent to the take-over date and prior to the closing date, shall be deemed for the account of Buyer, in the event the purchase is consummated. The organization and financing of Buyer and the other preliminary work above referred to should, however, all be completed and the purchase contemplated by this Agreement be ready to close not later than February 28, 1949.

Accordingly, it is agreed as follows:

## ARTICLE I

- 1.01. Seller represents and warrants:
- (a) That the Balance Sheet of Seller as of the close of business October 31, 1948, and the Profit and Loss Statement of Seller for the year ended October 31, 1948, attached hereto and marked Annex "A", are complete and correct, have been prepared in accordance with accepted principles of accounting consistently maintained (except as noted thereon), and fairly reflect the financial condition of Seller as of the close of business October 31, 1948, and the result of its operations for the year ended October 31, 1948. That all liabilities of Seller as of said date are set forth in said Balance Sheet or that adequate reserves have been set up for such liabilities and are reflected therein and that each commitment of Seller in excess of \$150,000 is noted therein. That since October 31, 1948, the operations of Seller have been conducted in the usual and normal manner, that no dividends have been declared or paid subsequent to the close of business October 31, 1948, that no unusual losses have been sustained by Seller since said date and that the business, property and assets of Seller are in the same condition as disclosed by said

Balance Sheet except for such normal and usual changes as may have taken place in the ordinary course of business. That the Federal Incônic and Excess Profits Tax returns of Seller for the fiscal year ended October 31, 1946 and all previous years have been examined by the Internal Revenue Department, and that all tax deficiences (if any) assessed as a result thereof remaining unpaid as of October 31, 1948, are reflected on said Balance Sheet as a liability.

- (b) That Seller has, and will on the closing date have, good and merchantable title in fee simple to all real estate owned by it which is reflected in said Balance Sheet, free and clear of all liens and encumbrances whatsoever, except current taxes and assessments not yet due and payable and easements and restrictions of record.
- (c) That Seller has, and will on the closing date have, good right and title to all other property of every class and description reflected in said Balance Sheet and to all trademarks, trade names, patents, patent applications and licenses, listed on Annex "B" hereto attached, free and clear of all liens and encumbrances whatsoever.
- (d) That no action, suit or proceeding at law or in equity is pending, or, to the knowledge of Seller, threatened against Seller, and that no proceeding is pending, or, to the knowledge of Seller, threatened against Seller, before or by any Federal or State commission, board or administrative agency, wherein an unfavorable decision, ruling or finding would materially and adversely affect the business, operation, financial condition or income of Seller; and that Seller knows of no open violation with respect to the operations or property of Seller under any municipal, county, state or federal statutes, ordinances, rules or regulations.
- (e) That Seller has the legal right, power and authority to sell and convey the assets contracted to be sold and conveyed by it thereunder, free and clear of all liens and encumbrances whatsoever, except current taxes and assessments not yet due and payable, and easements and restrictions of record disclosed by Seller to Buyer.
- (f) That all the warranties and representations with respect to the title of Seller in and to any of its property or assets shall survive the transfer and conveyance thereof to Buyer.
- 1.02. Buyer represents and warrants that it is now and on the closing date will be a corporation duly organized and existing in good standing under the laws of the State of Delaware with an authorized capital stock consisting of 40,000 shares of \$3.00 Cumulative Preferred Stock of the par value of \$50.00 each and 2,000,000 shares of Common Stock of the par value of \$1.00 each.

## ARTICLE II

- 2.01. Seller agrees to sell, convey, transfer and assign to Buyer all of its business, assets and property as of the close of business October 31, 1948, and Buyer, subject to the conditions and provisions of this Agreement hereinafter expressed, agrees to purchase the same as of said date, and as consideration therefor to deliver to Seller a cognovit demand note of Buyer for the sum of \$6,100,000, dated as of the closing date, payable in current New York funds, and bearing interest at the rate of 4% per annum and to assume all of the liabilities of Seller shown on said Balance Sheet or for which reserves have been set up on said Balance Sheet (provided, however, that liabilities not shown on said Balance Sheet but reserved for shall be assumed only to the extent of the amount of the reserve set up therefor) and any and all liabilities of Seller incurred subsequent to October 31, 1948 and prior to the closing date, except such liabilities as Seller is prohibited by this Agreement from incurring and except for liabilities under the proposed Agreement between Seller, Day & Night Manufacturing Company, Payne Furnace Company, Buyer and Reynolds & Co., copy of which has been filed as an exhibit to Buyer's Registration Statement on Form S-1 (No. 2-7767), filed with the Securities and Exchange Commission on December 6, 1948.
- 2.02. The transaction contemplated by this Agreement shall be consummated at such place as shall be mutually agreed to, after 6:00 P. M. Eastern Standard Time on the closing date which shall be such

date as shall be fixed by Buyer by written notice to Seller specifying the closing date; provided, however, that the closing date shall in no event be later than February 28, 1949.

- 2.03. In the event that the transaction contemplated by this Agreement is consummated, it is understood and agreed that all of Seller's operations subsequent to the take-over date and up to and including the closing date will be deemed for every purpose to have been conducted for the account of Buyer, and Buyer shall be entitled to all the profits and will bear all the losses incurred during said period, subject to the provisions hereof.
- 2.04. It is understood and agreed that if, upon the final determination of the Federal income tax liability of Seller for the fiscal year ended October 31, 1948 and all prior years it should transpire that the amount of the liability for such taxes set up on said Balance Sheet plus the amount of the reserve for such taxes set up thereon shall exceed the total amount of such liability as of October 31, 1948 as finally determined, then Buyer shall, promptly on such final determination, pay to Seller the amount of any such excess.

#### ARTICLE III

- 3.01. On the closing date Seller will deliver to Buyer appropriate instruments of such kind and character as may be necessary or expedient to evidence and to effect the conveyance, assignment, sale and transfer of the business, property and assets of Seller to Buyer pursuant hereto and will place Buyer, its officers, agents and employees in full possession and enjoyment of all of the property, assets and business of Seller. Seller shall pay all proper documentary stamp taxes applicable to such conveyance, assignment, sale and transfer.
- 3.02. Without limiting the generality of Paragraph 3.01, Seller will deliver to Buyer on the closing date, duly executed by Seller, the following instruments:
  - (a) Deeds of general warranty, embracing all of the real estate of Seller owned in fee simple, conveying the said real estate to Buyer and warranting good title to the real estate thereby conveyed, free and clear of all liens and encumbrances whatsoever except current taxes and assessments not yet due and payable, and except easements and restrictions of record.
  - (b) Instruments of assignment and transfer of all leases of real estate of which Seller is Lessee and conveyances of all other interests in real estate owned by Seller other than those described in (a) above.
  - (c) Assignments and transfers of all bank deposits (save to the extent that same are represented by outstanding checks of Seller), all funds in transit, all notes and accounts receivable, and all other contracts, commitments and choses in action whatsoever.
  - (d) Assignments and transfers, in appropriate form for recording in the United States Patent Office, of all trademarks and trade names owned by Seller or to which it is entitled, including all trademarks and trade names listed on Annex "B" hereto attached.
  - (e) Assignments and transfers, in appropriate form for recording in the United States Patent Office and the respective foreign patent offices involved, of all patents, domestic or foreign, and all applications therefor owned by Seller or to which it is entitled, and all licenses owned by Seller, whether as Licensor or Licensec, including all patents, patent applications and licenses listed on Annex "B" hereto attached.
  - (f) All cash on hand and all securities, certificates of stock and evidences of indebtedness owned by Seller, together with properly executed transfers or endorsements thereof.
  - (g) Bills of sale embracing all machinery, equipment, inventory, supplies, furniture and all other property of Seller of every kind and description and wheresoever situated, excepting only such property as shall be conveyed to Buyer by other instruments of conveyance specifically mentioned in this Article III.

- (h) All books of account and records of Seller, provided, however, that Seller's duly authorized representatives shall have access to same at all times during regular business hours.
- 3.03. All such deeds, conveyances and instruments of assignment and transfer shall be submitted to Counsel for Buyer for inspection, prior to the delivery thereof, and shall be subject to the approval of Buyer's Counsel.
- 3.04. Subject to the conditions hereinafter expressed, Buyer will, concurrently with the delivery to it of the conveyances and instruments of assignment and transfer hereinbefore in this Article III described, deliver to Seller said demand note of Buyer for the sum of \$6,100,000, payable in current New York funds, and will likewise deliver to Seller at such time an appropriate instrument or instruments in writing, duly executed by it and in form as approved by Counsel for Seller, of assumption of all of the liabilities of Seller as of the close of business October 31, 1948, if and to the extent that the same are reflected or reserved for on said Balance Sheet, Annex "A" and any and all liabilities of Seller incurred subsequent to said date and prior to the closing date, except such liabilities as Seller is prohibited from incurring by the provisions of this Agreement and except for liabilities under the proposed agreement between Seller, Day & Night Manufacturing Company, Payne Furnace Company, Buyer and Reynolds & Co., copy of which has been filed as an exhibit to Buyer's Registration Statement on Form S-1 (No. 2-7767) filed with the Securities and Exchange Commission on December 6, 1948.

#### ARTICLE IV

- 4.01. Seller agrees that, pending the closing of the transaction contemplated by this Agreement, it will conduct its business in the usual manner, will not make any abnormal commitments, will not waive any rights of any substantial value and will not enter into any transactions or dispose of any of its property other than in the usual and ordinary course of business except with the written consent of Buyer first had and obtained.
- 4.02. Seller agrees that it will not declare or pay any dividends or make any other distribution upon its capital stock subsequent to the date hereof and prior to the closing date.
- 4.03. Seller agrees that, subsequent to the date hereof and prior to the closing date, it will not make any single capital expenditure of over \$25,000 in amount or any capital expenditures in excess of \$100,000 in the aggregate, except with the written consent of Buyer first had and obtained and except for expenditures committed for prior to November 1, 1948.
- 4.04. Seller agrees that it will not, subsequent to the date hereof and prior to the closing date, increase the salary of any of its officers or pay or accrue any bonus or other extraordinary compensation to any of its officers or salaried employees, except as provided in the existing Incentive Compensation Plan of Seller.
- 4.05. Seller agrees that, subsequent to the date hereof and prior to the closing date, it will make no charitable contribution in excess of \$1,000 except with the written consent of Buyer first had and obtained.

#### ARTICLE V

- 5.01. The obligations of Buyer to consummate the transaction contemplated by this Agreement are subject to the following express conditions precedent:
  - (a) That, on or prior to the closing date, Buyer shall have received from underwriters a firm commitment to purchase from Buyer (i) an issue of 40,000 shares of its \$3.00 Cumulative Preferred Stock of \$50.00 par value with Non-Detachable Common Stock Purchase Warrants at such price as shall net to it not less than the sum of \$1,866,000 and (ii) an issue of 1,000,000 shares of its Common Stock of \$1.00 par value at such price as shall net to it not less than the sum of \$8,000,000.
  - (b) That, on or prior to the closing date, Buyer shall have received from insurance companies a firm commitment to lend to the Company an aggregate of \$4,000,000.

- (c) That no material transactions shall have been entered into by Seller, other than transactions in the usual course of business, between October 31, 1948 and the closing date, except with the written consent of Buyer first had and obtained; that none of the property or assets of Seller shall have been disposed of during such period except in the usual course of business; that no abnormal commitments and no single capital expenditure in excess of \$25,000 or capital expenditures in excess of \$100,000 in the aggregate shall have been made between the date hereof and the closing date, except with the written consent of Buyer first had and obtained and except for expenditures committed for prior to November 1, 1948.
- (d) That there shall have been no material adverse change in the condition of Seller, financial or physical, other than loss of or damage to physical properties, or the use thereof, fully compensable under insurance in force at the time between October 31, 1948 and the closing date.
- (e) That on the closing date no action, suit or proceeding at law or in equity shall be pending or, to the knowledge of Seller, threatened against Seller, and that no proceeding shall be pending, or, to the knowledge of Seller, threatened against Seller before or by any Federal or State commission, board or administrative agency, wherein an unfavorable decision, ruling or finding would materially and adversely affect the business, operation, financial condition or income of Seller.
- (f) That Buyer shall have received the opinion of Counsel for Seller, Messrs. Me Afee, Grossman, Taplin, Hanning, Newcomer & Hazlett (which opinion shall be rendered at the expense of Seller), and the opinion of Counsel for Buyer, Messrs. Townsend & Lewis, to the effect that all necessary corporate action has been taken by Seller, its Board of Directors and its shareholders to authorize the execution and delivery of this Agreement and the consummation of the transaction contemplated thereby in accordance with the terms, conditions and provisions thereof, and that upon the execution and delivery thereof this Agreement will constitute the legal and binding obligation of Seller.
- (g) The Seller shall have made available to Messrs. Townsend & Lewis, Counsel for Buyer, all material contracts to which Seller is a party, including, but not by way of limitation, all leases, mortgage instruments and instruments of conveyance of title to real or personal property of Seller, all documents pertaining to the organization and continued existence of Seller, minutes of all meetings of the Board of Directors and shareholders of Seller, and all other pertinent information reasonably requested by Buyer or Messrs. Townsend & Lewis.
- (h) That Buyer shall have received, at the expense of Seller, the opinion of Counsel for Seller to the effect that Seller has good right and title in fee simple to all real estate which it purports to own free and clear of all encumbrances whatsoever, except current taxes not yet due and payable and easements and restrictions of record.
- 5.02. Compliance with the provisions of Subparagraphs (c), (d) and (e) of Paragraph 5.01 hereof shall be evidenced by the certificate of an executive officer or officers of Seller to be delivered to Buyer upon the closing date concurrently with the delivery of the other instruments and documents to be delivered to Buyer on said date pursuant to the provisions of this Agreement.

## ARTICLE VI

6.01. Seller will take all necessary corporate action to carry out and complete its voluntary dissolution and liquidation and to effect its withdrawal as a foreign corporation from the several states in which it is qualified to do business as a foreign corporation, as promptly as is reasonably practicable. Seller will give prompt written notice to Buyer when all of the foregoing actions shall have been taken, and will cause its Certificate of Dissolution to be filed with the Secretary of State of Ohio, and its several Certificates of Withdrawal to be filed with the respective Secretaries of State of the States where it is qualified to do business as a foreign corporation, upon and pursuant to the written instructions of Buyer.

Seller will also, at the request of Buyer, furnish its written consent to the Secretary of State of Ohio to the incorporation under the laws of the State of Ohio of a new corporation to be formed by Buyer having the name "Bryant Heater Company."

- 6.02. All notices required or contemplated by this Agreement if for Seller shall be mailed or telegraphed to Seller addressed as follows: Bryant Heater Company, 1130 Terminal Tower, Cleveland 13, Ohio, attention Mr. R. E. Reimer, Vice President, and if for Buyer shall be mailed or telegraphed to Buyer addressed as follows: Affiliated Gas Equipment, Inc., 17825 St. Clair Avenue, Cleveland 10, Ohio, attention of Mr. L. C. Harvey, President.
- 6.03. This Agreement may not be assigned by Buyer except with the written consent of Seller first had and obtained.

In witness whereof the parties hereto have caused their respective corporate names to be signed and their respective corporate seals to be affixed by their respective proper officers thereunto duly authorized.

AFFILIATED GAS EQUIPMENT, INC.

In the presence of:

By LYLE C. HARVEY

President

J. A. HUGHES

[CORPORATE SEAL]

Attest:

PHILIP W. SCOTT

Secretary

BRYANT HEATER COMPANY

In the presence of:

By LYLE C. HARVEY

President

W. A. McAfee

[CORPORATE SEAL]

Attest:

PHILIP W. SCOTT

Secretary

#### ANNEX "A"

#### ACCOUNTANTS' REPORT

Board of Directors, Bryant Heater Company, Cleveland, Ohio.

We have examined the balance sheet of Bryant Heater Company as of October 31, 1948, and the statements of profit and loss and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the financial position of Bryant Heater Company at October 31, 1948, and the results of its operations for the year, in conformity with generally accepted accounting principles which, except that charges for overall management services were discontinued as of October 31, 1947, as outlined in Note A to the profit and loss statement, have been applied on a basis consistent with that of the preceding year.

ERNST & ERNST Certified Public Accountants

Cleveland, Ohio November 22, 1948

# ANNEX "A" (Continued) BALANCE SHEET BRYANT HEATER COMPANY October 31, 1948

#### ACCET

ASSETS		
Current Assets		
Cash	\$1,837,039	\$ 747,347
Accounts receivable—trade Less reserve	27,186	1,809,853
Accounts receivable—parent and affiliated companies Inventories—at lower of cost (principally average cost) or replacement market:	. 010.120	22,700
Finished products and parts In-process products and parts Raw materials and supplies	\$ 810,129 2,172,710 577,584	3,560,423
Total Current Assets		\$6.140,323
Other Assets Miscellaneous receivables, etc		6,153
Property, Plant, and Equipment—at cost less reserves for depre- ciation and amortization. Includes \$35,404 for fully-amortized emergency facilities:		·
Land Buildings Machinery and equipment, etc.	\$ 100,350 400,447 1,781,642	
Less reserves for depreciation and amortization	\$2,282,439 867,347	1,415.092
Deferred Charges		
Prepaid insurance, deferred taxes, etc.  Tooling expense	\$ 55.982 27,859	83,841
		\$7,645,409
LIABILITIES, CAPITAL STOCK, AND SUR	PLUS	***************************************
Current Liabilities		e 661360
Accounts payable		\$ 664,360 55,110
Pay rolls and other compensation Taxes, other than taxes on income Interest	\$ 228,433 14,583 52,153	
Other	43,086	338,255
Federal taxes on income—estimated		845,310
Total Current Liabilities		\$1,903,035
Capital Stock and Surplus  Capital stock—Note A:  Common stock, without par value:	•	
Authorized and outstanding 500 shares stated capital Surplus:	\$ 500	
Capital surplus         \$1,188.954           Earned surplus         4,552,920	5,741,874	5,742.374
		\$7,645,409

Note A-All outstanding shares of capital stock at October 31, 1948, were owned by Dresser Industries, Inc.

## ANNEX "A" (Continued)

## STATEMENTS OF PROFIT AND LOSS AND SURPLUS

## BRYANT HEATER COMPANY

## Year ended October 31, 1948

## PROFIT AND LOSS

Net sales Cost of goods sold		\$14,886.552 11,270,452
Selling, engineering, general and administrative expenses—Note A		\$ 3,616.100 1,920.178 \$ 1,695.922
Other income:		, .,,
Adjustments to reserve for doubtful accounts and property and related reserves to conform to income tax basis Interest earned Miscellaneous	\$130,245 3,228 87	133,560
		\$ 1,829,482
Other deductions:		-
Interest expense Loss on disposal of depreciable assets—net Miscellaneous	\$ 63,825 1,590 22	65,437
Profit Before Federal Taxes on Income		\$ 1,764,045
		φ 1,7 0 1,0 13
Federal taxes on income:		
Provision for the year—estimated Adjustments for prior years	\$620,000 50,239	670,239
Net Profit		\$ 1,093,806 ————
SURPLUS		
Capital Surplus		
Balance at November 1, 1947, and October 31, 1948 (no change during the year)		\$ 1,188,954
Earned Surplus		
Balance at November 1, 1947  Add net profit for the year		\$ 3,527,914 1,093,806
Deduct cash dividend paid—\$137.60 per share	,	\$ 4,621,720 68,800
Balance at October 31, 1948		\$ 4,552,920

Note A—Charge to this company for overall management services of Dresser Industries, Inc. (parent company) was discontinued as of October 31, 1947.

# ANNEX "B" BRYANT HEATER COMPANY

## Schedue of License Agreements

Licensor	Date of License	Patenta Number	Date Expire	Date License Expire	Remarks
Industrial Research Laboratories, Ltd.	7/ 1/39	2064909	12/22/53	Last Patent	Transferable with business
Koppers Company	6/21/40	324048 2034099 2041833 2035128 2083844		Last Patent	
United Gas Improvement Co.	7/14/44	301678	10/28/56	Last Patent	44
Westinghouse Electric Corp.	2/14/47	1996634	4/ 2/52	Last Patent	46
The Davison Chemical Corp.	1/28/47	Various—U. S. Mexican Canadian Cuban		Last Patent	
The Wilcolator Co.	6/24/43	1358224	9/25/57	Last l'atent	
De LaRue, London, Eng. (Gas Refrigerator & Water Heaters)	Pending	English & Butch			
*Patro Valve Company	4/ 1/36	Various			

## Schedule of Trademarks

Display of "PUP" Registration Number 221,622 Issued Dec. 7, 1946

## ANNEX "B" (Continued)

## BRYANT HEATER COMPANY United States Patents

	United States Patents				
Patent No.	Description	Date Issued	Date of Expiration		
*1830412	Air Heater	Nov. 3, 1931	Nov. 3, 1948		
*1835993	Control for Fuel Burners	Dec. 8, 1931	Dec. 8, 1948		
<b>*</b> 1855777	Boiler Section	Apr. 26, 1932	Apr. 26, 1949		
*1855778	Boiler	Apr. 26, 1932	Apr. 26, 1949		
*1875946	Flue Construction	Sept. 6, 1932	Sept. 6, 1949		
*1875947	Control System for Boilers	Sept. 6, 1932	Sept. 6, 1949		
*1875948	Boiler Construction	Sept. 6, 1932	Sept. 6, 1949		
*1876086	Gas Burner	Sept. 6, 1932	Sept. 6, 1949		
*1926462	Humidity Control System	Sept. 12, 1933	Sept. 12, 1950		
*1982031	Control for Fuel Burners	Nov. 27, 1934	Nov. 27, 1951		
*2013450	Control for Heating Systems	Sept. 3, 1935	Sept. 3, 1952		
*2034671	Boiler	Mar. 17, 1936	Mar. 17, 1953		
*2059408	Humidifier	Nov. 3, 1936	Nov. 3, 1953		
*2085964	Air Conditioning System	July 6, 1937	July 6, 1954		
2111560	Combined Diaphragm Valve & Pressure Regulator	Mar. 22, 1938	Mar. 22, 1955		
*2112554	Automatic Control for Fuel Burning Apparatus	Mar. 29, 1938	Mar. 29, 1955		
*2124932	Air Conditioning System ""	July 26, 1938	July 26, 1955		
<b>•2178703</b>	Fuel Burning Apparatus	Nov. 7, 1939	Nov. 7, 1956		
*2180467	Air Conditioning System	Nov. 21, 1939	Nov. 21, 1956		
*2185623	Immersion Type Thermostat	Jan. 2, 1940	Jan. 2, 1957		
*2190349	Heater	Feb. 13, 1940	Feb. 13, 1957		
*2192629	Control for Fuel Burning Apparatus	Mar. 5, 1940	Mar. 5, 1957		
*2192630	Gas Control for Boiler and the like	Mar. 5, 1940	Mar. 5, 1957		
*2192631	Automatic Fuel Ignition	Mar. 5, 1940	Mar. 5, 1957		
*2192632	Burner Control System	Mar. 5, 1940	Mar. 5, 1957		
*2192633	Surface Thermostat	Mar. 5, 1940	Mar. 5, 1957		
*2193389	Absorption Refrigeration System	Mar. 12, 1940	Mar. 12, 1957		
*2231986	Ignition System for Burners	Feb. 18, 1941	Feb. 18, 1958		
*2236360	Water Level Control for Boilers	Mar. 25, 1941	Mar. 25, 1958		
*2239019	Absorption Type Refrigerating System	Apr. 22, 1941	Apr. 22, 1958		
*2248225	Dehumidifier	July 8, 1941	July 8, 1958		
*2248737	Pilot Control	July 8, 1941	July 8, 1958		
*2262158	Heat Exchanger	Nov. 11, 1941	Nov. 11, 1958		
*2265501	Warm Air Furnace	Dec. 9, 1941	Dec. 9, 1958		
*2269356	Automatic Lighter	Jan. 6, 1942	Jan. 6, 1959		
*2270722	Automatic Ignition for Fluid Burners	Jan. 20, 1942	Jan. 20, 1959		
*2275279	Automatic Lighter	Mar. 3, 1942	Mar. 3, 1959		
*2277201	Combined Manifold & Draft Diverter	Mar. 24, 1942	Mar. 24, 1959		
*2283990	Drum Type Dehumidifier	May 26, 1942	May 26, 1959		
*2285089	Resturation Cooler	June 2, 1942	June 2, 1959		
*2290963	Thermal Responsive Device	July 28, 1942	July 28, 1959		

## ANNEX "B" (Continued)

## BRYANT HEATER COMPANY

## United States Patents

Patent No.	Description	Date Issued	Date of Expiration	
*2297763	Dehumidifier Control	Oct. 6, 1942	Oct. 6, 1959	
*2300146	Gas Burner Control	Oct. 27, 1942	Oct. 27, 1959	
*2300156	Lighter for Gas Burners	Oct. 27, 1942	Oct. 27, 1959	
*2310026	Thermopile	Feb. 2, 1943	Feb. 2, 1960	
*2314266	Throttling Regulator	Mar. 16, 1943	Mar. 16, 1960	
*2317271	Snap Valve	Apr. 20, 1943	Apr. 20, 1960	
*2324540	Forced Air Heater	July 20, 1943	July 20, 1960	
*2330122	Heating Apparatus	Sept. 21, 1943	Sept. 21, 1960	
*2333102	Valve	Nov. 2, 1943	Nov. 2, 1960	
*2332969	Thermal Responsive Device	July 28, 1942	July 28, 1959	
*2349484	Pilot Valves	May 23, 1944	May 23, 1961	
*2361545	Forced Air Furnace	Oct. 31, 1944	Oct. 31, 1961	
*2362247	Burner Control	Nov. 7, 1944	Nov. 7, 1961	
*2362272	Lighter -	Nov. 7, 1944	Nov. 7, 1961	
*2363525	Thermal Control Device	Nov. 28, 1944	Nov. 28, 1961	
*2365193	Fire Pot Block	Dec. 19, 1944	Dec. 19, 1961	
*2374431	Burner Lighter	Apr. 24, 1945	Apr. 24, 1962	
2378220	Fire Pot	June 12, 1945	June 12, 1962	
2384797	Gas Igniters	Sept. 18, 1945	Sept. 18, 1962	
2400352	Gravity Furnace	May 14, 1946	May 14, 1963	
2307941	Boiler	Sept. 17, 1946	Sept. 17, 1963	
2315560	Rivet with Fluid Expenders Therein	Feb. 11, 1947	Feb. 11, 1964	
*2420078	Thermally Responsive Device	May 6, 1947	May 6, 1964	
2443910	Movable Deflector Plates for Furnaces	June 22, 1948	June 22, 1965	
2443911	Air Heaters and Circulators	June 22, 1948	June 22, 1965	
2443933	Gas Mixer	June 22, 1948	June 22, 1965	
*2218771	Controlling Means for Gas Burners	Oct. 22, 1940	Oct. 22, 1957	
· Designs				
*106279	Design for a Room Thermostat	Oct. 5, 1937	Oct. 5, 1944	
*138614	Design for Furnace	Aug. 22, 1944	Aug. 22, 1958	

^{*} Patent Examined.

## AGREEMENT FOR SALE OF ASSETS

## DAY & NIGHT MANUFACTURING COMPANY

THIS INSTRUMENT, executed this 5th day of January, 1949, by Applicated Gas Equipment, Inc., a Delaware corporation (hereinafter sometimes referred to as "Buyer") and DAY & NIGHT MANUFACTURING COMPANY, a California corporation (hereinafter sometimes referred to as "Seller"), is to evidence the following agreement between Buyer and Seller.

## PRELIMINARY STATEMENT OF FACTS

Seller desires to sell to Buyer and Buyer desires to purchase from Sciler all of the assets, property and business of Seller as of the close of business October 31, 1948, subject to adjustments resulting from operations of Seller subsequent thereto and prior to the consummation of the purchase. It has been agreed that the consideration for the purchase will be the delivery by Buyer to Seller of a cognovit demand note for the sum of \$2,770,000, payable in current New York funds, bearing interest at the rate of 4% per annum and the assumption by Buyer of Seller's liabilities as of the close of business October 31, 1948, as shown on a Balance Sheet of Seller as of said date, which has been prepared at the instance of Seller and which, together with a Profit and Loss Statement of Seller for the year ended October 31, 1948, are annexed to this Agreement and marked Annex "A."

While the purchase of the assets and assumption of the liabilities of Seller will be made by Buyer as of the close of business October 31, 1948 (hereinafter referred to as the "take-over date"), the date of delivery of the conveyances of Seller's assets to Buyer and of the payment by Buyer to Seller of the purchase price as aforesaid and of the delivery by Buyer to Seller of its agreement of assumption of liabilities of Seller (hereinafter referred to as the "closing date") will be delayed due to the necessity of completing the organization of Buyer and procuring from Underwriters a firm commitment for the purchase of Buyer's stock, as more particularly hereinafter set forth, and due to the necessity of preparing conveyances, examining titles and attending to other details necessary to be attended to after the execution of this Agreement. It has therefore been agreed that all operations of Seller, subsequent to the take-over date and prior to the closing date, shall be deemed for the account of Buyer, in the event the purchase is consummated. The organization and financing of Buyer and the other preliminary work above referred to should, however, all be completed and the purchase contemplated by this Agreement be ready to close not later than February 28, 1949.

Accordingly, it is agreed as follows:

### ARTICLE I

- 1.01. Seller represents and warrants:
- (a) That the Balance Sheet of Seller as of the close of business October 31, 1948, and the Profit and Loss Statement of Seller for the year ended October 31, 1948, attached hereto and marked Annex "A", are complete and correct, have been prepared in accordance with accepted principles of accounting consistently maintained (except as noted thereon), and fairly reflect the financial condition of Seller as of the close of business October 31, 1948, and the result of its operations for the year ended October 31, 1948. That all liabilities of Seller as of said date are set forth in said Balance Sheet or that adequate reserves have been set up for such liabilities and are reflected therein and that each commitment of Seller in excess of \$150,000 is noted therein. That since October 31, 1948, the operations of Seller have been conducted in the usual and normal manner, that no dividends have been declared or paid subsequent to the close of business October 31, 1948, that no unusual losses have been sustained by Seller since said date and that the business, property and assets of Seller are in the same condition as dis-

closed by said Balance Sheet except for such normal and usual changes as may have taken place in the ordinary course of business. That the Federal Income and Excess Profits Tax returns of Selier for the fiscal year ended October 31, 1946 and all previous years have been examined by the Internal Revenue Department, and that all tax deficiencies (if any) assessed as a result thereof remaining unpaid as of October 31, 1948, are reflected on said Balance Sheet as a liability.

- (b) That Seller has, and will on the closing date have, good and merchantable title in fee simple to all real estate owned by it which is reflected in said Balance Sheet, free and clear of all liens and encumbrances whatsoever, except current taxes and assessments not yet due and payable and easements and restrictions of record.
- (c) That Seller has, and will on the closing date have, good right and title to all other property of every class and description reflected in said Balance Sheet and to all trademarks, trade names, patents, patent applications and licenses, listed on Annex "B" hereto attached, free and clear of all liens and encumbrances whatsoever.
- (d) That no action, suit or proceeding at law or in equity is pending, or, to the knowledge of Seller, threatened against Seller, and that no proceeding is pending, or, to the knowledge of Seller, threatened against Seller, before or by any Federal or State commission, board or administrative agency, wherein an unfavorable decision, ruling or finding would materially and adversely affect the business, operation, financial condition or income of Seller; and that Seller knows of no open violation with respect to the operations or property of Seller under any municipal, county, state or federal statutes, ordinances, rules or regulations.
- (c) That Seller has the legal right, power and authority to sell and convey the assets contracted to be sold and conveyed by it thereunder, free and clear of all liens and encumbrances whatsoever, except current taxes and assessments not yet due and payable, and easements and restrictions of record disclosed by Seller to Buyer.
- (f) That all the warranties and representations with respect to the title of Seller in and to any of its property or assets shall survive the transfer and conveyance thereof to Buyer.
- 1.02. Buyer represents and warrants that it is now and on the closing date will be a corporation duly organized and existing in good standing under the laws of the State of Delaware with an authorized capital stock consisting of 40,000 shares of \$3.00 Cumulative Preferred Stock of the par value of \$50.00 each and 2,000,000 shares of Common Stock of the par value of \$1.00 each.

## ARTICLE II

- 2.01. Seller agrees to sell, convey, transfer and assign to Buyer all of its business, assets and property as of the close of business October 31, 1948, and Buyer, subject to the conditions and provisions of this Agreement hereinafter expressed, agrees to purchase the same as of said date, and as consideration therefor to deliver to Seller a cognovit demand note of Buyer for the sum of \$2.770,000, dated as of the closing date, payable in current New York funds, and hearing interest at the rate of 4% per annum and to assume all of the liabilities of Seller shown on said Balance Sheet or for which reserves have been set up on said Balance Sheet (provided, however, that liabilities not shown on said Balance Sheet but reserved for shall be assumed only to the extent of the amount of the reserve set up therefor) and any and all liabilities of Seller incurred subsequent to October 31, 1948 and prior to the closing date, except such liabilities as Seller is prohibited by this Agreement from incurring and except or liabilities under the proposed Agreement between Seller, Bryant Heater Company, Payne Furnace Company, Buyer and Reynolds & Co., a copy of which has been filed as an exhibit to Buyer's Registration Statement on Form S-1 (No. 2-7767), filed with the Securities and Exchange Commission on December 6, 1948.
- 2.02. The transaction contemplated by this Agreement shall be consummated at such place as shall be mutually agreed to, after 6:00 P. M. Eastern Standard Time on the closing date which shall be

such date as shall be fixed by Buyer by written notice to Seller specifying the closing date; provided, however, that the closing date shall in no event be later than February 28, 1949.

- 2.03. In the event that the transaction contemplated by this Agreement is consummated, it is understood and agreed that all of Seller's operations subsequent to the take-over date and up to and including the closing date will be deemed for every purpose to have been conducted for the account of Buyer, and Buyer shall be entitled to all the profits and will bear all the losses incurred during said period, subject to the provisions hereof.
- 2.04. It is understood and agreed that if, upon the final determination of the Federal income tax liability of Seller for the fiscal year ended October 31, 1948 and all prior years it should transpire that the amount of the liability for such taxes set up on said Balance Sheet plus the amount of the reserve for such taxes set up thereon shall exceed the total amount of such liability as of October 31, 1948 as finally determined, then Buyer shall, promptly on such final determination, pay to Seller the amount of any such excess.

#### ARTICLE III

- 3.01. On the closing date Seller will deliver to Buyer appropriate instruments of such kind and character as may be necessary or expedient to evidence and to effect the conveyance, assignment, sale and transfer of the business, property and assets of Seller to Buyer pursuant hereto and will place Buyer, its officers, agents and employees in full possession and enjoyment of all of the property, assets and business of Seller. Seller shall pay all proper documentary stamp taxes applicable to such conveyance, assignment, sale and transfer.
- 3.02. Without limiting the generality of Paragraph 3.01, Seller will deliver to Buyer on the closing date, duly executed by Seller, the following instruments:
  - (a) Deeds of general warranty, embracing all of the real estate of Seller owned in fee simple, conveying the said real estate to Buyer and warranting good title to the real estate thereby conveyed, free and clear of all liens and encumbrances whatsoever except current taxes and assessments not yet due and payable, and except easements and restrictions of record.
  - (b) Instruments of assignment and transfer of all leases of real estate of which Seller is Lessee and conveyances of all other interests in real estate owned by Seller other than those described in (a) above.
  - (c) Assignments and transfers of all bank deposits (save to the extent that same are represented by outstanding checks of Seller), all funds in transit, all notes and accounts receivable, and all other contracts, commitments and choses in action whatsoever.
  - (d) Assignments and transfers, in appropriate form for recording in the United States Patent Office, of all trademarks and trade names owned by Seller or to which it is entitled, including all trademarks and trade names listed on Annex "B" hereto attached.
  - (e) Assignments and transfers, in appropriate form for recording in the United States Patent Office and the respective foreign patent offices involved, of all patents, domestic or foreign, and all applications therefor owned by Seller or to which it is entitled, and all licenses owned by Seller, whether as Licensor or Licensee, including all patents, patent applications and licenses listed on Annex "B" hereto attached.
  - (f) All cash on hand and all serurities, certificates of stock and evidences of indebtedness owned by Seller, together with properly executed transfers or endorsements thereof.
  - (g) Bills of sale embracing all machinery, equipment, inventory, supplies, furniture and all other property of Seller of every kind and description and wheresoever situated, excepting only such property as shall be conveyed to Buyer by other instruments of conveyance specifically mentioned in this Article III.

- (h) All books of account and records of Seller, provided, however, that Seller's duly authorized representatives shall have access to same at all times during regular business hours.
- 3.03. All such deeds, conveyances and instruments of assignment and transfer shall be submitted to Counsel for Buyer for inspection, prior to the delivery thereof, and shall be subject to the approval of Buyer's Counsel.
- 3.04. Subject to the conditions hereinafter expressed, Buyer will, concurrently with the delivery to it of the conveyances and instruments of assignment and transfer hereinbefore in this Article III described, deliver to Seller said demand note of Buyer for the sum of \$2,770,000, payable in current New York funds, and will deliver to Seller at such time an appropriate instrument or instruments in writing, duly executed by it and in form as approved by Counsel for Seller, of assumption of all of the liabilities of Seller as of the close of business October 31, 1948, if and to the extent that the same are reflected or reserved for on said Balance Sheet, Annex "A" and any and all liabilities of Seller incurred subsequent to said date and prior to the closing date, except such liabilities as Seller is prohibited from incurring by the provisions of this Agreement and except for liabilities under the proposed Agreement between Seller, Bryant Heater Company, Payne Furnace Company, Buyer and Reynolds & Co., a copy of which has been filed as an exhibit to Buyer's Registration Statement on Form S-1 (No. 2-7767), filed with the Securities and Exchange Commission on December 6, 1948.

#### ARTICLE IV

- 4.01. Seller agrees that, pending the closing of the transaction contemplated by this Agreement, it will conduct its business in the usual manner, will not make any abnormal commitments, will not waive any rights of any substantial value and will not enter into any transactions or dispose of any of its property other than in the usual and ordinary course of business except with the written consent of Buyer first had and obtained.
- 4.02. Seller agrees that it will not declare or pay any dividends or make any other distribution upon its capital stock subsequent to the date hereof and prior to the closing date.
- 4.03. Seller agrees that, subsequent to the date hereof and prior to the closing date, it will not make any single capital expenditure of over \$25,000 in amount or any capital expenditures in excess of \$100,000 in the aggregate, except with the written consent of Buyer first had and obtained and except for expenditures committed for prior to November 1, 1948.
- 4.04. Seller agrees that it will not, subsequent to the date hereof and prior to the closing date, increase the salary of any of its officers or pay or accrue any bonus or other extraordinary compensation to any of its officers or salaried employees, except as provided in the existing Incentive Compensation Plan of Seller.
- 4.05. Seller agrees that, subsequent to the date hereof and prior to the closing date, it will make no charitable contribution in excess of \$1,000 except with the written consent of Buyer first had and obtained.

## ARTICLE V

- 5.01. The obligations of Buyer to consummate the transaction contemplated by this Agreement are subject to the following express conditions precedent:
  - (a) That, on or prior to the closing date. Buyer shall have received from Underwriters a firm commitment to purchase from Buyer (i) an issue of 40,000 shares of its \$3.00 Cumulative Preferred Stock of \$50.00 par value with Non-Detachable Common Stock Purchase Warrants at such price as shall not to it not less than the sum of \$1,866,000 and (ii) an issue of 1,000,000 shares of its Common Stock of \$1.00 par value at such price as shall not to it not less than the sum of \$8,000,000.

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- (b) That, on or prior to the closing date, Buyer shall have received from insurance companies a firm commitment to lend to the Company an aggregate of \$4,000,000.
- (c) That no material transactions shall have been entered into by Seller, other than transactions in the usual course of business, between October 31, 1948 and the closing date, except with the written consent of Buyer first had and obtained; that none of the property or assets of Seller shall have been disposed of during such period except in the usual course of business; that no abnormal commitments and no single capital expenditure in excess of \$25,000 or capital expenditures in excess of \$100,000 in the aggregate shall have been made between the date hereof and the closing date, except with the written consent of Buyer first had and obtained and except for expenditures committed for prior to November 1, 1948.
- (d) That there shall have been no material adverse change in the condition of Seller, financial or physical, other than loss of or damage to physical properties, or the use thereof, fully compensable under insurance in force at the time between October 31, 1948 and the closing date.
- (c) That on the closing date no action, suit or proceeding at law or in equity shall be pending, or, to the knowledge of Seller, threatened against Seller, and that no proceeding shall be pending, or, to the knowledge of Seller, threatened against Seller before or by any Federal or State commission, board or administrative agency, wherein an unfavorable decision, ruling or finding would materially and adversely affect the business, operation, financial condition or income of Seller.
- (f) That Buyer shall have received the opinion of Counsel for Seller, Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett (which opinion shall be rendered at the expense of Seller), and the opinion of Counsel for Buyer, Messrs. Townsend & Lewis, to the effect that all necessary corporate action has been taken by Seller, its Board of Directors and its shareholders to authorize the execution and delivery of this Agreement and the consummation of the transaction contemplated thereby in accordance with the terms, conditions and provisions thereof, and that upon the execution and delivery thereof this Agreement will constitute the legal and binding obligation of Seller.
- (g) That Seller shall have made available to Messrs. Townsend & Lewis, Counsel for Buyer, all material contracts to which Seller is a party, including, but not by way of limitation, all leases, mortgage instruments and instruments of conveyance of title to real or personal property of Seller, all documents pertaining to the organization and continued existence of Seller, minutes of all meetings of the Board of Directors and shareholders of Seller, and all other pertinent information reasonably requested by Buyer or Messrs. Townsend & Lewis.
- (h) That Buyer shall have received, at the expense of Seller, the opinion of Counsel for Seller to the effect that Seller has good right and title in fee simple to all real estate which it purports to own free and clear of all encumbrances whatsoever, except current taxes not yet due and payable and easements and restrictions of record.
- 5.02. Compliance with the provisions of Subparagraphs (c), (d) and (e) of Paragraph 5.01 hereof shall be evidenced by the certificate of an executive officer or officers of Seller to be delivered to Buyer upon the closing date concurrently with the delivery of the other instruments and documents to be delivered to Buyer on said date pursuant to the provisions of this Agreement.

## ARTICLE VI.

6.01. Seller will take all necessary corporate action to carry out and complete its voluntary dissolution and liquidation and to effect its withdrawal as a foreign corporation from the several states in which it is qualified to do business as a foreign corporation, as promptly as is reasonably practicable. Seller will give prompt written notice to Buyer when all of the foregoing actions shall have been taken, and will cause its Certificate of Dissolution to be filed with the Secretary of State of California, and its

several Certificates of Withdrawal to be filed with the respective Secretaries of State of the States where it is qualified to do business as a foreign corporation, upon and pursuant to the written instructions of Buyer. Seller will also, at the request of Buyer, furnish its written consent to the Secretary of State of California to the incorporation under the laws of the State of California of a new corporation to be formed by Buyer having the name "Day & Night Manufacturing Company."

6.02. All notices required or contemplated by this Agreement if for Seller shall be mailed or telegraphed to Seller addressed as follows: Day & Night Manufacturing Company, Shannock Ave., at Duarte Ave., Monrovia, California, attention Mr. W. J. Bailey, Jr., President, and if for Buyer shall be mailed or telegraphed to Buyer addressed as follows: Affiliated Gas Equipment, Inc., 17825 St. Clair Avenue, Cleveland 10, Ohio, attention of Mr. L. C. Harvey, President.

6.03. This Agreement may not be assigned by Buyer except with the written consent of Seller first had and obtained.

IN WITNESS WHEREOF the parties hereto have caused their respective corporate names to be signed and their respective corporate seals to be affixed by their respective proper officers thereunto duly authorized.

Affiliated Gas Equipment, Inc.

By Lyle C. HARVEY

President

In the presence of:

J. A. Hughes

(CORPORATE SEAL)

Attest:

PHILIP W. SCOTT

Secretary

DAY & NIGHT MANUFACTURING COMPANY

By W. J. BAILEY, JR.

President

In the presence of:

W. A. McAfee

(CORPORATE SEAL)

Attest:

J. A. Hughes
Assistant Secretary

## ANNEX "A"

## ACCOUNTANTS' REPORT

Board of Directors, Day & Night Manufacturing Company, Monrovia, California.

We have examined the balance sheet of Day & Night Manufacturing Company as of October 31, 1948, and the statements of profit and loss and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the financial position of Day & Night Manufacturing Company at October 31, 1948, and the results of its operations for the year, in conformity with generally accepted accounting principles which, except that charges for overall management services were discontinued as of October 31, 1947, as outlined in Note A to the profit and loss statement, have been applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

Cleveland, Ohio November 22, 1948

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# ANNEX "A" (Continued)

# BALANCE SHEET

# DAY & NIGHT MANUFACTURING COMPANY

October 31, 1948

# ASSETS

ASSETS		
Current Assets		
Cash		<b>\$ 36</b> 0,763
Accounts receivable—trade	\$1,164,407	
Less reserve	26,908	1,137,499
Account receivable—affiliated company		512
Inventories—at lower of cost (principally average cost) or		•
replacement market:		
Finished products and parts	\$ 553,174	
In-process products and parts	258,148	
Raw materials and supplies	1,032,592	1,843,914
Total Current Assets		\$3,342,688
Other Assets		
Miscellaneous receivables, etc.		21,914
Property, Plant, and Equipment-at cost less reserves for		
depreciation		
Land and land improvements	\$ 45,129	•
Buildings	237,805	
Machinery and equipment, etc.	878.891	
• ₈₂ 1	\$1,161,825	
Less reserves for depreciation	312,501	849,324
Deferred Charges		
Prepaid insurance, deferred taxes, etc.		57,706
		\$4,271,632
TABILITATE CANTES CONSCI. AND CITE	NIN IIC	
LIABILITIES, CAPITAL STOCK, AND SUF	(I'LUS	
Current Liabilities		
Accounts payable		<b>\$</b> 378.776
Notes and accounts payable—parent and affiliated companies		553,140
Accrued liabilities:		
Pay rolls and other compensation	\$ 259,144	
Taxes, other than taxes on income	59,641	
Other	21,072	339.857
Federal taxes on income—estimated		523,411
Total Current Liabilities		\$1,795,184
Capital Stock and Surplus-Notes A and B		,
Capital stock:		
Original preferred stock, par value \$10.00 a share:		
Authorized and outstanding 15,000 shares	\$ 150,000	
7% preferred stock, par value \$10.00 a share:	Ψ,	
Authorized and outstanding 17,500 shares	175,000	
6% preferred stock, par value \$10.00 a share:	,	
Authorized 32,500; outstanding 16,375 shares	163,750	
Common stock, par value \$10.00 a share:		
Authorized and outstanding 5,000 shares	50,000	
	\$ 538,750	
Earned surplus	1,937,698	2,476,448
	2,500,050	\$4.271,632
•		
Note A-All outstanding shares of capital stock at October 31, 1948 were owned	by Dresser Indu	stries, Inc.
Note B-Dividends on the various classes of capital stock were in arrears at Oc	taber 31, 1948, as	follows:
On original preferred stock—\$1.10 a share		<del>44</del> 01
On 7% preferred stock — 1.10 a share		
	\$51.3	
Total		45

# ANNEX "A" (Continued)

# STATEMENTS OF PROFIT AND LOSS AND SURPLUS DAY & NIGHT MANUFACTURING COMPANY Year ended October 31, 1948

# PROFIT AND LOSS

Net sales Cost of goods sold		\$ 9,058,615 <b>6,254,94</b> 8
Selling, engineering, general and administrative expenses—Note A		\$ 2,803,667 1,434,494
Other income:		\$ 1,369,173
Interest earned	\$ 179 6,365	6,544
		\$ 1,375,717
Other deductions:		
Interest expense Loss on disposal of depreciable assets—net Miscellaneous	\$ 5,801 1,634 14,596	22,031
Profit Before Federal Taxes on Income		\$ 1,353,686
Federal taxes on income:		
Provision for the year—estimated Adjustments for prior years	\$514,000 1,804	515,804
Net Profit		\$ 837,882
SURPLUS		
Earned Surplus		
Balance at November 1, 1947		\$ 1,146,216 837,882
• Deduct cash dividends paid:		\$ 1,984,098
Original preferred stock—\$.99 a share  7% preferred stock— .99 a share  6% preferred stock— .85 a share	\$ 14,956 17,449 13,995	46,400
Balance at October 31, 1948		\$ 1,937,698 B
Note A—Charge to this company for overall management services of Dresser I was discontinued as of October 31, 1947.	ndustries, Inc.	(parent company)
Note B—Dividends on the various classes of capital stock were in arrears at O On original preferred stock—\$1.10 a share On 7% preferred stock — 1.10 a share On 6% preferred stock — .93 a share		as follows: 16,544 19,301 15,480
Total	🕏	51,325

# ANNEX "B"

# DAY & NIGHT MANUFACTURING COMPANY

# United States Patents

Description	Patent	D . (D	<b>.</b>
Description	No.	Date of Patent	Expiration Date
Burners for Hydrocarbon Gases	2061561	November 24, 1936	November 24, 1953
Burners for Hydrocarbon Gases	2061562	November 24, 1936	November 24, 1953
Burners for Hydrocarbon	2220247	November 5, 1940	November 5, 1957
Flues	1991788	February 19, 1935	February 19, 1952
Internal Flues for Hot Water Heaters A Combined Valve and Thermostat	1948064 D133465	February 20, 1934 August 18, 1942	February 20, 1951 August 18, 1956
A Cabinet for Wall Furnace or Similar	D133403	August 16, 1942	August 15, 1950 .
Article	D134409	November 24, 1942	November 24, 1956
Sectional Steam Boilers	2196102	April 2, 1940	April 2, 1957
Down Draft Diverters	1925744	September 5, 1933	September 5, 1950
Gas Heaters	2331950 2421743	October 19, 1943	October 19, 1950
Metal Screens Radiant Mantles	2263432	June 10, 1947 November 18, 1941	June 10, 1964 November 18, 1958
Radiant Mantles	2280061	April 21, 1942	April 21, 1959
Overhead Gas-Fired Radiators and Re-		,	
flectors	2439038	April 6, 1948	April 6, 1965
Au	stralian P	olenis	
			Mounths 2 1059
Gas Burner Burners for Hydrocarbon Gases	113569	November 3, 1936 September 3, 1940	November 3, 1952 September 3, 1956
Improvements in or relating to radiant type	110000	September 0, 1940	September 3, 1930
heaters and mantles for use in radiant			
type heaters		, December 28, 1939	December 28, 1955
Burner for Hydrocarbon Gases	102567	November 3, 1936	November 3, 1952
Improvements in or relating to heating elements	116923	May 9, 1942	May 9, 1958
Improvements in or relating to heaters	120197	June 23, 1943	June 23, 1959
· ·	madian Pa	-44-	
	maaran F	nents	
Burners for Hydrocarbon Gases	395997	April 22, 1941	April 22, 1958
Cas Heating Appending	358216 397879	June 2, 1936	June 2, 1954
Gas Heating Apparatus*  Gas Heaters	423587	July 8, 1941 November 7, 1944	July 8, 1958 November 7, 1961
Radiant Mantles	429885	September 11, 1945	September 11, 1962
* One-half interest to Day & Night. *		-	
	exican Pa	ients	
Improvements in or relating to heaters	42767	October 29, 1943	October 29, 1958
New	Zcaland	Patents	,
Gas Burner	76911	October 28, 1936	October 28, 1952
Burner for Hydrocarbon Gases	76912	October 28, 1936	October 28, 1952
Burners for Hydrocarbon Gases Improvements in or relating to radiant type	83732	August 28, 1940	August 28, 1956
heaters and mantles for use in radiant			
type heaters*	82865	January 4, 1940	January 4, 1956
Improvements in or relating to heating ele-	05761	16 10 1042	Mar. 10, 1050
ments	85761 87063	May 19, 1942 June 10, 1943	May 19, 1958 June 10, 1959
	C/ 000	June 10, 1270	June 10, 1737
* One-half interest to Day & Night.			

# ANNEX "B" (Continued)

# DAY & NIGHT MANUFACTURING COMPANY

# Great Britain Potents

Metal Screen	594618	June 8, 1945	June 8, 1961	
Argentinean Patents				
Container Resistant to Corrosive Elements Improvements in or relating to heating ele-	52455	August 11, 1941	August 11, 1956	
ments Improvements in heating apparatus	54609 62430	February 5, 1943 December 16, 1947	February 5, 1958 December 16, 1962	

# Patent License Agreements

Licensor	Date of License	Description
Linde Air Products Company	November 4, 1947	License to use "Heliarc Welding Process".
Harry E. Hagenbuch	October 29, 1947	Non-exclusive license covering "draft control means for gas heaters".
(Mrs.) Marie Dolan White	january 1, 1947 -⊶•	Exclusive license covering "Circulating Liquid Cooler".
Harper J. Ransburg Company	Ĵuly 30, 1946	License and rental agreement covering electrostatic spray paint process and equipment.
New Jersey Zinc Company	September 26, 1944	Non-exclusive, royalty-free license to use Patent No. 2035380 pertaining to zinc treatment of iron and steel articles. Patent expires March 24, 1953.

# ANNEX "B" (Continued)

# DAY & NIGHT MANUFACTURING COMPANY

# Trademarks - Registered or Applied For

Water Heaters — Bailey, Day & Night, Crest, Day and Night Immersion, Heatwave, Liberty, Triangle, Twin Flue.

Water Coolers - Day and Night.

Space Heaters - Day and Night, Lectro-Glo, Panelray.

#### AGREEMENT FOR SALE OF ASSETS

### PAYNE FURNACE COMPANY

THIS INSTRUMENT, executed this 5th day of January, 1949, by AFFILIATED GAS EQUIPMENT, INC., a Delaware corporation (hereinafter sometimes referred to as "Buyer") and PAYNE FURNACE COMPANY, a California corporation (hereinafter sometimes referred to as "Seller"), is to evidence the following agreement between Buyer and Seller.

#### PRELIMINARY STATEMENT OF FACTS

Seller desires to sell to Buyer and Buyer desires to purchase from Seller all of the assets, property and business of Seller as of the close of business October 31, 1948, subject to adjustments resulting from operations of Seller subsequent thereto and prior to the consummation of the purchase. It has been agreed that the consideration for the purchase will be the delivery by Buyer to Seller of a cognovit demand note for the sum of \$2,000,000 payable in current New York funds, bearing interest at the rate of 4% per annum and the assumption by Buyer of Seller's liabilities as of the close of business October 31, 1948, as shown on a Balance Sheet of Seller as of said date, which has been prepared at the instance of Seller and which, together with a Profit and Loss Statement of Seller for the year ended October 31, 1948, are annexed to this Agreement and marked Annex "A."

While the purchase of the assets and assumption of the liabilities of Seller will be made by Buyer as of the close of business October 31, 1948 (hereinafter referred to as the "take-over date"), the date of delivery of the conveyances of Seller's assets to Buyer and of the payment by Buyer to Seller of the purchase price as aforesaid and of the delivery by Buyer to Seller of its agreement of assumption of liabilities of Seller (hereinafter referred to as the "closing date") will be delayed due to the necessity of completing the organization of Buyer and procuring from Underwriters a firm commitment for the purchase of Buyer's stock, as more particularly hereinafter set forth, and due to the necessity of preparing conveyances, examining titles and attending to other details necessary to be attended to after the execution of this Agreement. It has therefore been agreed that all operations of Seller, subsequent to the take-over date and prior to the closing date, shall be deemed for the account of Buyer, in the event the purchase is consummated. The organization and financing of Buyer and the other preliminary work above referred to should, however, all be completed and the purchase contemplated by this Agreement be ready to close not later than February 28, 1949.

Accordingly, it is agreed as follows:

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#### ARTICLE I

## 1.01. Seller represents and warrants:

(a) That the Balance Sheet of Seller as of the close of business October 31, 1948, and the Profit and Loss Statement of Seller for the year ended October 31, 1948, attached hereto and marked Annex "A", are complete and correct, have been prepared in accordance with accepted principles of accounting consistently maintained (except as noted thereon), and fairly reflect the financial condition of Seller as of the close of business October 31, 1948, and the result of its operations for the year ended October 31, 1948. That all liabilities of Seller as of said date are set forth in said Balance Sheet or that adequate reserves have been set up for such liabilities and are reflected therein and that each commitment of Seller in excess of \$150,000 is noted therein. That since October 31, 1948, the operations of Seller have been conducted in the usual and normal manner, that no dividends have been declared

or paid subsequent to the close of business October 31, 1948, that no unusual losses have been sustained by Seller since said date and that the business, property and assets of Seller are in the same condition as disclosed by said Balance Sheet except for such normal and usual changes as may have taken place in the ordinary course of business. That the Federal Income and Excess Profits Tax returns of Seller for the fiscal year ended October 31, 1945 and all previous years have been examined by the Internal Revenue Department, and that all tax deficiencies (if any) assessed as a result thereof remaining unpaid as of October 31, 1948, are reflected on said Balance Sheet as a liability.

- (b) That Seller has, and will on the closing date have, good and merchantable title in fee simple to all real estate owned by it which is reflected in said Balance Sheet, free and clear of all liens and encumbrances whatsoever, except current taxes and assessments not yet due and payable and easements and restrictions of record.
- (c) That Seller has, and will on the closing date have, good right and title to all other property of every class and description reflected in said Balance Sheet and to all trademarks, trade names, patents, patent applications and licenses, listed on Annex "B" hereto attached, free and clear of all liens and encumbrances whatsoever.
- (d) That no action, suit or proceeding at law or in equity is pending, or, to the knowledge of Seller, threatened against Seller, and that no proceeding is pending, or, to the knowledge of Seller, threatened against Seller, before or by any Federal or State commission, board or administrative agency, wherein an unfavorable decision, ruling or finding would materially and adversely affect the business, operations, financial condition or income of Seller; and that Seller knows of no open violation with respect to the operations or property of Seller under any municipal, county, state or federal statutes, ordinances, rules or regulations.
- (c) That Seller has the legal right, power and authority to sell and convey the assets contracted to be sold and conveyed by it thereunder, free and clear of all liens and encumbrances whatsoever, except current taxes and assessments not yet due and payable, and easements and restrictions of record disclosed by Seller to Buyer.
- (f) That all the warranties and representations with respect to the title of Seller in and to any of its property or assets shall survive the transfer and conveyance thereof to Buyer.
- 1.02. Buyer represents and warrants that it is now and on the closing date will be a corporation duly organized and existing in good standing under the laws of the State of Delaware with an authorized capital stock consisting of 40,000 shares of \$3.00 Cumulative Preferred Stock of the par value of \$50.00 each and 2,000,000 shares of Common Stock of the par value of \$1.00 each.

## ARTICLE II

2.01. Seller agrees to sell, convey, transfer and assign to Buyer all of its business, assets and property as of the close of business October 31, 1948, and Buyer, subject to the conditions and provisions of this Agreement hereinafter expressed, agrees to purchase the same as of said date, and as consideration therefor to deliver to Seller a cognovit demand note of Buyer for the sum of \$2,000,000, dated as of the closing date, payable in current New York funds, and bearing interest at the rate of 4% per annum and to assume all of the liabilities of Seller shown on said Balance Sheet or for which reserves have been set up on said Balance Sheet (provided, however, that liabilities not shown on said Balance Sheet but reserved for shall be assumed only to the extent of the amount of the reserve set up therefor) and any and all liabilities of Seller incurred subsequent to October 31, 1948 and prior to the closing date, except such liabilities as Seller is prohibited by this Agreement from incurring and except for liabilities under the proposed agreement between Seller, Bryant Heater Company, Day & Night Manufacturing Company, Buyer and Reynolds & Co., a copy of which has been filed as an exhibit to the Buyer's Registration Statement on Form S-1 (No. 2-7767), filed with the Securities and Exchange Commission on December 6, 1948.

- 2.02. The transaction contemplated by this Agreement shall be consummated at such place as shall be mutually agreed to, after 6:00 P.M. Eastern Standard Time on the closing date which shall be such date as shall be fixed by Buyer by written notice to Seller specifying the closing date; provided, however, that the closing date shall in no event be later than February 28, 1949.
- 2.03. In the event that the transaction contemplated by this Agreement is consummated, it is understood and agreed that all of Seller's operations subsequent to the take-over date and up to and including the closing date will be deemed for every purpose to have been conducted for the account of Ruyer, and Buyer shall be entitled to all the profits and will bear all the losses incurred during sail period, subject to the provisions hereof.
- 2.04. It is understood and agreed that if, upon the final determination of the Federal income tax liability of Seller for the fiscal year ended October 31, 1948 and all prior years it should transpire that the amount of the liability for such taxes set up on said Balance Sheet plus the amount of the reserve for such taxes set up thereon shall exceed the total amount of such liability as of October 31, 1948 as finally determined, then Buyer shall, promptly on such final determination, pay to Seller the amount of any such excess.

#### ARTICLE III

- 3.01. On the closing date Seller will deliver to Buyer appropriate instruments of such kind and character as may be necessary or expedient to evidence and to effect the conveyance, assignment, sale and transfer of the business, property and assets of Seller to Buyer pursuant hereto and will place Buyer, its officers, agents and employees in full possession and enjoyment of all of the property, assets and business of Seller. Seller shall pay all proper documentary stamp taxes applicable to such conveyance, assignment, sale and transfer.
- 3.02. Without limiting the generality of Paragraph 3.01, Seller will deliver to Buyer on the closing date, duly executed by Seller, the following instruments:
  - (a) Deeds of general warranty, embracing all of the real estate of Seller owned in fee simple, conveying the said real estate to Buyer and warranting good title to the real estate thereby conveyed, free and clear of all liens and encumbrances whatsoever except current taxes and assessments not yet due and payable, and except easements and restrictions of record.
  - (b) Instruments of assignment and transfer of all leases of real estate of which Seller is Lessee and conveyances of all other interests in real estate owned by Seller other than those described in (a) above.
  - (c) Assignments and transfers of all bank deposits (save to the extent that same are represented by outstanding checks of Seller), all funds in transit, all notes and accounts receivable, and all other contracts, commitments and choses in action whatsoever.
  - (d) Assignments and transfers, in appropriate form for recording in the United States Patent. Office, of all trademarks and trade names owned by Seller or to which it is entitled, including all trademarks and trade names listed on Annex "B" hereto attached.
  - (e) Assignments and transfers, in appropriate form for recording in the United States Patent Office and the respective foreign patent offices involved, of all patents, domestic or foreign, and all applications therefor owned by Seller or to which it is entitled, and all licenses owned by Seller, whether as Licensor or Licensee, including all patents, patent applications and licenses listed on Annex "B" hereto attached.
  - (f) All cash on hand and all securities, certificates of stock and evidences of indebtedness owned by Seller, together with properly executed transfers or endorsements thereof.
  - (g) Bills of sale embracing all machinery, equipment, inventory, supplies, furniture and all other property of Seller of every kind and description and wheresoever situated, excepting only such property as shall be conveyed to Buyer by other instruments of conveyance specifically mentioned in this Article III.

- (h) All books of account and records of Seller, provided, however, that Seller's duly authorized representatives shall have access to same at all times during regular business hours.
- 3.03. All such deeds, conveyances and instruments of assignment and transfer shall be submitted to Counsel for Buyer for inspection, prior to the delivery thereof, and shall be subject to the approval of Buyer's Counsel.
- 3.04. Subject to the conditions hereinafter expressed, Buyer will, concurrently with the delivery to it of the conveyances and instruments of assignment and transfer hereinbefore in this Article III described, deliver to Seller said demand note of Buyer for the sum of \$2,000,000, payable in current New York funds, and will deliver to Seller at such time an appropriate instrument or instruments in writing, duly executed by it and in form as approved by Counsel for Seller, of assumption of all of the liabilities of Seller as of the close of business October 31, 1948, if and to the extent that the same are reflected or reserved for on said Balance Sheet, Annex "A" and any and all liabilities of Seller incurred subsequent to said date and prior to the closing date, except such liabilities as Seller is prohibited from incurring by the provisions of this Agreement and except for liabilities under the proposed agreement between Seller, Bryant Heater Company, Payne Furnace Company, Buyer and Reynolds & Co., a copy of which has been filed as an exhibit to Buyer's Registration Statement on Form S-1 (No. 2-7767), filed with the Securities and Exchange Commission on December 6, 1948.

#### ARTICLE IV

- 4.01. Seller agrees that, pending the closing of the transaction contemplated by this Agreement, it will conduct its business in the usual manner, will not make any abnormal commitments, will not waive any rights of any substantial value and will not enter into any transactions or dispose of any of its property other than in the usual and ordinary course of business except with the written consent of Buyer first had and obtained.
- 4.02. Seller agrees that it will not declare or pay any dividends or make any other distribution upon its capital stock subsequent to the date hereof and prior to the closing date.
- 4.03. Seller agrees that, subsequent to the date hereof and prior to the closing date, it will not make any single capital expenditure of over \$25,000 in amount or any capital expenditures in excess of \$100,000 in the aggregate, except with the written consent of Buyer first had and obtained and except for expenditures committed for prior to November 1, 1948.
- 4.04. Seller agrees that it will not, subsequent to the date hereof and prior to the closing date, increase the salary of any of its officers or pay or accrue any bonus or other extraordinary compensation to any of its officers or salaried employees, except as provided in the existing Incentive Compensation Plan of Seller.
- 4.05. Seller agrees that, subsequent to the date hereof and prior to the closing date, it will make no charitable contribution in excess of \$1,000 except with the written consent of Buyer first had and obtained.

#### ARTICLE V

- 5.01. The obligations of Buyer to consummate the transaction contemplated by this Agreement are subject to the following express conditions precedent:
  - (a) That, on or prior to the closing date, Buyer shall have received from underwriters a firm commitment to purchase from Buyer (i) an issue of 40,000 shares of its \$3.00 Cumulative Preferred Stock of \$50.00 par value with Non-Detachable Common Stock Purchase Warrants at such price as shall not to it not less than the sum of \$1,866,000 and (ii) an issue of 1,000,000 shares of its Common Stock of \$1.00 par value at such price as shall not to it not less than the sum of \$5,000,000.
  - (b) That, on or prior to the closing date, Buyer shall have received from insurance companies a firm commitment to lend to the Company an aggregate of \$4,000,000.

- (c) That no material transactions shall have been entered into by Seller, other than transactions in the usual course of business, between October 31, 1948 and the closing date, except with the written consent of Buyer first had and obtained; that none of the property or assets of Seller shall have been disposed of during such period except in the usual course of business; that no abnormal commitments and no single capital expenditure in excess of \$25,000 or capital expenditures in excess of \$100,000 in the aggregate shall have been made between the date hereof and the closing date, except with the written consent of Buyer first had and obtained and except for expenditures committed for prior to November 1, 1948.
- (d) That there shall have been no material adverse change in the condition of Seller, financial or physical, other than loss of or damage to physical properties, or the use thereoi, fully compensable under insurance in force at the time between October 31, 1948 and the closing date.
- (c) That on the closing date no action, suit or proceeding at law or in equity shall be pending, or, to the knowledge of Seller, threatened against Seller, and that no proceeding shall be pending, or, to the knowledge of Seller, threatened against Seller before or by any Federal or State commission, board or administrative agency, wherein an unfavorable decision, ruling or finding would materially and adversely affect the business, operation, financial condition or income of Seller.
- (f) That Buyer shall have received the opinion of Counsel for Seller, Messrs. McAfee, Grossman, Taplin, Hanning, Newcomer & Hazlett (which opinion shall be rendered at the expense of Seller), and the opinion of Counsel for Buyer, Messrs. Townsend & Lewis, to the effect that all necessary corporate action has been taken by Seller, its Board of Directors and its shareholders to authorize the execution and delivery of this Agreement and the consummation of the transaction contemplated thereby in accordance with the terms, conditions and provisions thereof, and that upon the execution and delivery thereof this Agreement will constitute the legal and binding obligation of Seller.
- (g) That Seller shall have made available to Messrs. Townsend & Lewis, Counsel for Buyer, all material contracts to which Seller is a party, including, but not by way of limitation, all leases, mortgage instruments and instruments of conveyance of title to real or personal property of Seller, all documents pertaining to the organization and continued existence of Seller, minutes of all meetings of the Board of Directors and shareholders of Seller, and all other pertinent information reasonably requested by Buyer or Messrs. Townsend & Lewis.
- (h) That Buyer shall have received, at the expense of Seller, the opinion of Counsel for Seller to the effect that Seller has good right and title in fee simple to all real estate which it purports to own free and clear of all encumbrances whatsoever, except current taxes not yet due and payable and easements and restrictions of record.
- 5.02. Compliance with the provisions of Subparagraphs (c), (d) and (e) of Paragraph 5.01 hereof shall be evidenced by the certificate of an executive officer or officers of Seller to be delivered to Buyer upon the closing date concurrently with the delivery of the other instruments and documents to be delivered to Buyer on said date pursuant to the provisions of this Agreement.

# ARTICLE VI

6.01. Seller will take all necessary corporate action to carry out and complete its voluntary dissolution and liquidation and to effect its withdrawal as a foreign corporation from the several states in which it is qualified to do business as a foreign corporation, as promptly as is reasonably practicable. Seller will give prompt written notice to Buyer when all of the foregoing actions shall have been taken, and will cause its Certificate of Dissolution to be filed with the Secretary of State of California, and its several Certificates of Withdrawal to be filed with the respective Secretaries of State of the States where it is qualified to do business as a foreign corporation, upon and pursuant to the written instructions of

Buyer. Seller will also, at the request of Buyer, furnish its written consent to the Secretary of State of California to the incorporation under the laws of the State of California of a new corporation to be formed by Buyer having the name "Payne Furnace Company."

- 6.02. All notices required or contemplated by this Agreement if for Seller shall be mailed or telegraphed to Seller addressed as follows: Payne Furnace Company, 336 N. Foothill Rd., Beverly Hills, California, attention Mr. E. L. Payne, President, and if for Buyer shall be mailed or telegraphed to Buyer addressed as follows: Affiliated Gas Equipment, Inc., 17825 St. Clair Avenue, Cleveland 10, Ohio, attention of Mr. L. C. Harvey, President.
- 6.03. This Agreement may not be assigned by Buyer except with the written consent of Seller first had and obtained.

IN WITNESS WHEREOF the parties hereto have caused their respective corporate names to be signed and their respective corporate seals to be affixed by their respective proper officers thereunto duly authorized.

Affiliated Gas Equipment, Inc.

In the presence of:

By Lyle C. HARVEY

President

J. A. Hugnes

(CORPORATE SEAL)

Attest:

PHILIP W. SCOTT

Secretary

PAYNE FURNACE COMPANY

In the presence of:

By W. J. BAILEY, JR.

Vice President

W. A. McAfee

(CORPORATE SEAL)

Attest:

J. A. Hugnes

Assistant Secretary

## ANNEX "A"

## ACCOUNTANTS' REPORT

Board of Directors, Payne Furnace Company, Beverly Hills, California.

We have examined the balance sheet of Payne Furnace Company as of October 31, 1948, and the statements of profit and loss and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the financial position of Payne Furnace Company at October 31, 1948, and the results of its operations for the year, in conformity with generally accepted accounting principles which, except that charges for overall management services were discontinued as of October 31, 1947, as outlined in Note A to the profit and loss statement, have been applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

Cleveland, Ohio November 22, 1948

# ANNEX "A" (Continued) BALANCE SHEET PAYNE FURNACE COMPANY October 31, 1948

ASSETS		
Current Assets		
Cash Accounts receivable—trade Less reserve	\$ 990,046 50,780	\$ 185,521 939,266
Dess resurve		937,200
Accounts receivable—affiliated companies		1,189
Finished products and parts In-process products and parts Raw materials and supplies	\$1,187,524 236,998 390,053	1,814,575
Total Current Assets	<del></del>	\$2,940,551
Other Assets Miscellaneous receivables, etc.		3,021
Property, Plant, and Equipment—at cost less reserves for depreciation and amortization. Includes \$114,693 for fully-amortized emergency facilities		
Land	\$ 96,689	
Buildings Machinery and equipment, etc.	411,1 <i>77</i> 404,937	
Less reserves for depreciation and amortization	\$ 912.803 378,981	533,822
Deferred Charges		
Prepaid insurance, deferred taxes, etc	\$ 31,493 74,927	<b>106,42</b> 0
	<del></del>	\$3,583,814
LIABILITIES, CAPITAL STOCK AND SUI	RPLUS	
Accounts payable  Notes and accounts payable—parent and affiliated companies  Accrued liabilities:		\$ 184,276 1,054,441
Pay rolls and other compensation	\$ 151,339	
Taxes, other than taxes on incomeOther	37,242 69,609	258,190
Federal taxes on income—estimated		191,000
Total Current Liabilities		\$1,687,907
Capital Stock and Surplus		
Capital stock—Note A: Common stock, par value \$1.00 a share: Authorized and outstanding 25,000 shares	\$ 25,000	
Surplus:	4 20,000	
Capital surplus         \$ 886.148           Earned surplus         984,759	1.870,907	1,895,907
	-	\$3,583,814

Note A-All outstanding shares of capital stock at October 31, 1948, were owned by Dresser Industries, Inc.

# ANNEX "A" (Continued)

# STATEMENTS OF PROFIT AND LOSS AND SURPLUS

# PAYNE FURNACE COMPANY

Year ended October 31, 1948

# PROFIT AND LOSS

Net sales		\$ 5,226,093 3,385,218
Selling, engineering, general and administrative expenses—Note $\Lambda$		\$ 1,840,875 1,330,687
		\$ 510,188
Other income:		
Interest earned Profit on disposal of depreciable assets—net Miscellaneous	\$ 3,741 142 1,540	5,423
		\$ 515,611
Other deductions:		•
Interest expense Miscellaneous	\$ 16,759 81	16,840
Profit Before Federal Taxes on Income		\$ 498,771
Federal taxes on income:		
Provision for the year—estimated Adjustments for prior years	\$191,0 <b>0</b> 0 6,855*	184,145
Net Profit		\$ 314,626
SURPLUS		
Capital Surplus		
Balance at November 1, 1947, and October 31, 1948 (no change during the year)		\$ 886,148
Earned Surplus		
Balance at November 1, 1947 Add net profit for the year		\$ 693,133 314,626
Deduct cash dividend paid—\$.92 per share		\$ 1,007,759 23,000
Balance at October 31, 1948		\$ 984,759

[•] Indicates red figure

Note A—Charge to this company for overall management services of Dresser Industries, Inc. (parent company) was discontinued as of October 31, 1947.

# ANNEX "B"

## PAYNE FURNACE COMPANY

## United States Patents

Description	Patent No.	Date of Grant	Date of Expiration
Improvement in Electric Valves	1986158	January 1, 1935	January 1, 1952
Draft Hood	2353179	July 11, 1944	July 11, 1961
Fluid Regulator	2358819	Sept. 26, 1944	Sept. 26, 1961
*Three Position Valves	1826269	Oct. 6, 1931	Oct. 6, 1948
*Three Position Valves	1961386	June 5, 1934	June 5, 1951

^{*—}Acquired by Payne on liquidation of Gas Furnace Control Company on November 1, 1946. While Payne holds title to patents, it has an agreement to pay A. U. Preston a royalty of Thirty Cents on each valve manufactured by Payne or a licensee of Payne.

# PATENT LICENSE AGREEMENT IN WHICH PAYNE IS THE LICENSEE

Description	Licensor	No.	Date Patent Issued	Date of License
Vent Pipe	Williams-Wallace Company	2076210	April 6, 1937	April 17, 1947

# PATENT LICENSE AGREEMENTS IN WHICE PAYNE IS THE LICENSOR

Description	Licensee	Patent No.	Date Patent Issued	Date of License
Three	Hy-Lo Unit and Metal	1826269	October 6, 1931	October 25, 1936*
Position	Products Company	and	and	•
Valves	• •	1961386	Tune 5, 1934	

^{*-}Assigned to Payne July 1, 1946.

# ANNEX "B" (Continued) PAYNE FURNACE COMPANY

# Trademarks - Registered or Applied For

Payneheat — Registered, February 2, 1943

Panelair - Applied for May 7, 1948

Payne — In process

Pane — In process

Exhibit 15(d)

New York, New York January 11, 1949.

AFFILIATED GAS EQUIPMENT, INC., 17825 St. Clair Avenue, Cleveland, Ohio, and

REYNOLDS & Co., Individually and as Representative of the Other Several Underwriters Named in the Underwriting Agreement dated January 11, 1949, 120 Broadway, New York 5, New York.

#### Gentlemen:

The undersigned, Bryant Heater Company (hereinafter called "Bryant"), Day & Night Manufacturing Company (hereinafter called "Day & Night") and Payne Furnace Company (hereinafter called "Payne") are corporations duly incorporated and existing and in good standing under the laws of Ohio, in the case of Bryant, and California in the case of Day & Night and Payne.

Affiliated Gas Equipment, Inc. is a corporation duly organized and existing and in good standing under and pursuant to the laws of Delaware (hereinafter called "Affiliated").

Affiliated has heretofore informed and does hereby inform Bryant, Day & Night and Payne (1) that Affiliated prepared and on December 6, 1948 filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, a Registration Statement and Prospectus descriptive of 40,000 shares of \$3 Cumulative Preferred Stock and 1,065,000 shares of Common Stock of the par value of \$1 each, and (2) that Affiliated proposes to purchase the assets of Bryant, Day & Night and Payne, in accordance with the Agreement dated January 5, 1949, between Affiliated and each of these Companies and to pay therefor substantially all of the net proceeds expected to be derived by Affiliated from the sale of 40,000 shares of \$3 Cumulative Preferred Stock and 1,000,000 shares of its Common Stock.

Inasmuch as Affiliated was required to furnish information with respect to Bryant, Day & Night and Payne in the aforesaid Registration Statement and Prospectus and the principal source of this information was these Companies, Bryant, Day & Night and Payne furnished such information to Affiliated for that purpose.

In order to induce Affiliated, and Reynolds & Co. and the other several Underwriters named or referred to in the Underwriting Agreement dated January 11, 1949 between Affiliated and such Underwriters (hereinafter called "the Underwriters") to execute such Underwriting Agreement in respect of 40,000 shares of \$3 Cumulative Preferred Stock and 1,000,000 shares of said Common Stock, and to expedite the sale of such stock and for other good and valuable consideration, Bryant, Day & Night and Payne do hereby jointly and severally represent and warrant to Affiliated and to the Underwriters and to each of them that all statements with respect to Bryant, Day & Night and Payne and each of them to be included in said Registration Statement and Prospectus when said Registration Statement becomes effective, will be true and correct and that there will have been omitted from said Registration Statement and Prospectus no material fact required to be stated therein or necessary to make the statements therein with respect to Bryant, Day & Night and Payne or any of them not misleading.

Very truly yours,

(Corporate Scal)

BRYANT HEATER COMPANY

By Lyle C. Harvey President

ATTEST:

PHILIP W. Scott Secretary

DAY & NIGHT MANUFACTURING COMPANY

By W. J. BAILEY, JR. President

(Corporate Scal)

ATTEST:

J. A. Hugires
Assistant Secretary

PAYNE FURNACE COMPANY

By .W. J. BAILEY, JR. Vice President

(Corporate Scal)

ATTEST:

J. A. Hugnes
Assistant Secretary

STATE OF OHIO COUNTY OF CUYAHOGA

On the 11th day of January, 1949, before me personally came, Lyle C. Harvey, to me known who being by me duly sworn, did depose and say that he resides at Cleveland, Ohio; that he is President of Bryant Heater Company, one of the corporations described in and which executed the foregoing Agreement; that he knows the seal of said Corporation; that the seal affixed to said Agreement is such corporate seal; that it was so affixed by order of the Board of Directors of said Corporation; and that he signed his name thereto by like order.

Notarial Scal Cuyahoga County, O.

BETTY ANN WILSON
Notary Public
Commission expires September 23, 1949

STATE OF OHIO COUNTY OF CUYAHOGA

On the 11th day of January, 1949, before me personally come W. J. Bailey, Jr., to me known who being by me duly sworn, did depose and say that he resides at Arcadia, California; that he is President of Day & Night Manufacturing Company, one of the corporations described in and which executed the foregoing Agreement; that he knows the seal of said Corporation; that the seal affixed to said Agreement is such corporate seal; that it was so affixed by order of the Board of Directors of said Corporation; and that he signed his name thereto by like order.

Notarial Seal Cuyahoga County, O. BETTY ANN WILSON
Notary Public
Commission expires September 23, 1949

STATE OF OHIO ?
COUNTY OF CUYAHOGA

On the 11th day of January, 1949, before me personally came W. J. Bailey, Jr., to me known who being by me duly sworn, did depose and say that he resides at Arcadia, California; that he is Vice President'of Payne Furnace Company, one of the corporations described in and which executed the foregoing Agreement; that he knows the seal of said Corporation; that the scal affixed to said Agreement is such corporate seal; that it was so affixed by order of the Board of Directors of said Corporation; and that he signed his name thereto by like order.

Notarial Seal Cuyahoga County, O. Betty Ann Wilson Notary Public Commission expires September 23, 1949

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# SECURITIES AND EXCHANGE COMMISSION Washington

FORM 8-K

JET 3865.41

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Month of February, 1955

carrier Corp

AFFILIATED GAS EQUIPMENT, INC. (Exact name of registrant as specified in charter)

17877 ST. CLAIR AVENUE. CLEVELAND 10. OHIO (Address of principal executive offices)

JET-3865-1

MAR 2 1 1955

DOCKET, MAIL & FILES

#### ITEMS 1 THROUGH 10. INCLUSIVE.

Not applicable.

# ITEM 11. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

If any matter has been submitted to a vote of security holders, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.
- (b) If the meeting involved the election of directors, state the name of each director elected at the meeting and of each other director now in office.
- (c) Briefly describe each other matter voted upon at the meeting and state the number of affirmative votes and the number of negative votes cast with respect to each such matter.
- (a) A special meeting of the holders of the Common Stock and the \$3.00 Cumulative Preferred Stock of the registrant was held on February 23, 1955.
- (b) Not applicable.
- (c) At the meeting a vote was had upon the following resolutions:

"WHEREAS, representatives of this Company and representatives of Carrier Corporation have negotiated an Agreement of Merger dated January 28, 1955, which provides for the merger of this company into Carrier Corporation under the laws of Delaware and prescribes the terms and conditions under which such merger shall be accomplished, and

"WHEREAS, said Agreement of Merger has heretofore been submitted to all stockholders as an exhibit attached to the Proxy Statement for this meeting and has been presented and read at this meeting, and

"WHEREAS, said Agreement of Merger has been entered into and signed by a majority of the directors of this company and a majority of the directors of Carrier Corporation at meetings held on January 14, 1955 and January 13, 1955, respectively, and

"WHEREAS, the directors of this company have unanimously recommended that said Agreement of Merger be adopted by the stockholders as in the best interests of the company.

"NOW, THEREFORE, BE IT RESOLVED, that the said Agreement of Merger be, and the same hereby is, approved and adopted, and

"FURTHER RESOLVED, that the Secretary or Assistant

Secretary is hereby authorized and directed to certify on said Agreement of Merger the fact that said Agreement was adopted by the favorable vote of stockholders of this company representing more than two-thirds of the total number of shares of its issued and outstanding Common Stock and twothirds of the total number of shares of its issued and outstanding \$3.00 Cumulative Preferred Stock, each voting as a class, and the President or a Vice President, and the Secretary or Assistant Secretary, of the company are hereby authorized and directed to execute said Agreement of Merger in the name and on behalf of this company, under its corporate seal, all in accordance with the provisions of Section 251 of Chapter I of Title 8 of the Delaware Code of 1953, and

"FURTHER RESOLVED, that after proper certification upon and execution of said Agreement of Merger by the appropriate officers of this company, the Secretary or Assistant Secretary of this company is hereby authorized to deliver said Agreement to Carrier Corporation for the filing and recording thereof in accordance with the provisions of Section 251(c) of Chapter I of Title 8 of the Delaware Code of 1953, and

"FURTHER RESOLVED, that the directors and officers of this company are hereby authorized to take any further action that is deemed necessary or desirable to make the merger of this company into Carrier Corporation effective pursuant to said Agreement of Merger."

The number of votes cast for and against the foregoing resolutions by the holders of each class of registrant's stock were as follows:

	FOR	AGAINST
No. Shares of Common Stock	1,014,781	13,693
No. Shares of Preferred Stock	30,114	. 265
Total	1,044,895	13,958

## ITEM 12. OTHER MATERIALLY IMPORTANT EVENTS.

The registrant may, at its option, report under this item any events, with respect to which information is not otherwise called for by this form, which the registrant deems of material importance to security holders.

At the close of business February 28, 1955, an Agreement of Merger dated as of January 28, 1955, providing for the merger of the registrent into Carrier Corporation was filed and recorded in the proper office in the State of Delaware and became effective. A copy of said Agreement of Merger was attached as Exhibit A to registrant's proxy statement sent to all of registrant's shareholders entitled to vote upon such merger and is incorporated herein by reference. Upon the filing and recording of said Agreement,

the separate corporate existence of the registrant terminated as provided by Delaware law and the listings of all classes of the registrant's stock upon the New York Stock Exchange and the Midwest Stock Exchange were terminated.

# SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrent has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AFFILIATED GAS EQUIPMENT, INC.

By John A. Wilson - Secretary

(CORPORATE SEAL)

March 22, 1955.

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MAR 2 4 1955

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- (d. Each share (f. 500) Conn (acide Proferred Stock (f. AGE held in the treating of AGE and the cancilled.
- (c) Usuff servind red in alexy provided, each artenabiling certificate which price to the appropriate personnel is a six provided, each artenabiling certificate which price to the appropriate purposes after than the represent of dividends to evided a ownership of the manners of full shares of sock of the Company and six of the Company at of any date of six of the affective date of this merger shall be paid to the ladgers of any date of six of the six and surfaced to the merger shall be paid to the holders of their containing or minimizes the financial of any such of the formance of any such a six of the Company. The rate is a six of a more ladger of the confidence of certificate of certificate of certificate of the displaced which the formany, the rates of the six of a six of the Company.

## THE HEAT IA

Open this Agreement is called a first of a sent and that there of AGE shall be taken up on the books of AGE, subject to adjustment to see a first of a satisfactor of the content of the c

## W. LICTE A

On the initiative date of the solution of the solution and the restrictions, disabilities and franchies at well at a collision of the solution and the restrictions, disabilities and the factor of the solutions 
ACR agrees the three time to their on and have the to be both the Company, or by its successors for essign to will execute and chieve or common to be and all the instruments, and

	es a contrary direction is in			This proxy will be voted FO
			5561 '	Dated
lawfully do or cause to	id meeting; Il that said attorneys may	se stoled emos vilulws s gnitylitst tdetens s gnitylitst tdetens	usiness as may la eretofore given,	(2) Upon such other b hereby revoking any proxy h done by virtue thereof.
Equipment, Inc. into Can	f Merger of Affiliated Cas E	o insmasrgA ant io no		
H. BEAM, or any on of the unstruction of the unit of t	A. McAFEE, and FRANCIS h power of substitution, to versed Stock of Affiliated Gas io, on February 23, 1955	C. HARVEY, WM. A of the undersigned, with of Common and Prefer snue, Cleveland 10, Of	Repoints LYLE awful attorneys of the Holders The Clair Avence of the T	
D FEBRUARY 23, 1955	EFERRED STOCK TO BE HELI		оғ тне ногрек	FOR SPECIAL MEETING
[ALTALOO		MANAGEMENT P		
СОММ	JNI TNAMA	LIATED GAS EQUI	ानन् A	
	AFFILIATED	GAS EQUIPMENT,	INC.	PREFERRED ·
		GEMENT PROXY		
FOR SPECIAL MEETING	G OF THE HOLDERS OF COM	MON AND PREFERRED S	тоск то ве не	LD FEBRUARY 23, 1955
of them, the true and d at the Special Meeting Company's office, 17	lawful attorneys of the und ng of the Holders of Commo 877 St. Clair Avenue, Clev according to the number of	dersigned, with power o on and Preferred Stock cland 10, Ohio, on Fe	f substitution, to of Affiliated Ga bruary 23, 1955	IS H. BEAM, or any one or vote as proxies for the underse Equipment, Inc., to be held at 3:00 P. M., and at any ersigned would be entitled to
(1) FOR AGAIN Corporation;	ST the adoption of the	Agreement of Merger	of Affiliated Gas	Equipment, Inc. into Carrier
(2) Upon such other	business as may lawfully co heretofore given, and here	me before said meeting by ratifying all that sai	g; id attorneys may	lawfully do or cause to be
d	. 1955			
		•	Signature	of Preferred Shareholder
proxy will be voted F	OR the proposal referred t	o above unless a conti	rary direction is	indicated.
	your name appears on the reversion, this Proxy should be execu			tee", etc. if the same is indicated, te any change in address.

REPRODUCED AT THE NATIONAL ARCHIVES

1-3510-2

AFFILIATED GAS EQUIPMENT, INC.

17877 St. Clair Avenue
U. S. S. Clair Avenue
RECEIVED

FEB 2_1955

February 1, 1955

DOCKET, MAIL & FILED

## To the Shareholders:

Enclosed you will find formal Notice and Proxy Statement for a special meeting of the shareholders of your Company which has been called to be held on February 23, 1955, to take action with respect to the proposed Merger of your Company with Carrier Corporation.

In the Proxy Statement is set forth a description of the business of both companies, their respective earnings record for five years past and, of course, the terms and conditions of the proposed Merger and a description of the securities of Carrier you will receive in lieu of your Affiliated stock. I hope you will read the Proxy Statement over carefully, together with the recent financial statements of both companies which you will find attached to it.

Briefly stated, the basis on which the proposed Merger is to be made is as follows: Your Company will be merged into Carrier and your Company will thereupon cease to exist. Carrier, as the continuing corporation in the Merger, will acquire all of the assets, business, property and good will of your Company and will issue to the shareholders of your Company Carrier securities as follows:

- (a) The holder of each share of Affiliated Common Stock will receive 1/10 of a share of Carrier Cumulative Preferred Stock (new 4½% series), \$50 par value, and 2/11 of a share of Carrier Common Stock for each share of Common Stock of Affiliated held by him.
- (b) The holder of each share of Cumulative Preferred Stock of Affiliated will receive one share of Carrier Cumulative Preferred Stock (new \$3 series), \$50 par value, of Carrier for each share of \$3.00 Cumulative Preferred Stock of Affiliated held by him. The new Carrier Cumulative Preferred Stock, \$3 series, will have the same par value and carry the same dividend rate as the present \$3.00 Preferred Stock of Affiliated. The other provisions of the new Carrier Cumulative Preferred Stock, \$3 series, have been designed so as to make this stock substantially equivalent in other respects to the present Preferred Stock of Affiliated.

Carrier's stockholders will continue to hold their shares of Carrier without change.

A ruling has been obtained from the Internal Revenue Service that no taxable gain or loss under applicable provisions of the existing Internal Revenue Code will result to the stockholders of Affiliated upon conversion of Affiliated stock into stock of Carrier.

For some time your Management and your Board of Directors have believed that, to be successful in the long run, your Company had to become at least as important a factor in the residential air conditioning business as it is in the heating business. It is becoming of increasing importance for your Company to offer to home builders and home owners equipment that will furnish both heating and cooling service.

Because the application of central plant air conditioning to residences on a volume basis is just getting under way, development of equipment for this purpose is in a state of flux. Changes are being made repeatedly in both equipment and its application. To take full advantage of this market would not only require additional capital but also an expensive research program covering both the equipment and its application in order to provide a line of air conditioning products that will supply the changing needs of customers.

The proposed merger with Carrier seems particularly sound in view of the situation your Company is facing. Carrier is a large, well-financed Company and is a pioneer in and possesses a wealth of "know-how" and experience in the air conditioning field. Your Company, in turn, has similar "know-how" and experience in the residential heating field. These respective qualifications represent long experience and the resultant public acceptance is not something to be acquired overnight. The combination of the two companies seems, therefore, logical and advantageous to both, and the terms of the merger, arrived at after considerable study and negotiation, are considered to be fair to the shareholders of Affiliated and Carrier.

Accordingly, your Board of Directors has approved the proposed merger and strongly recommends that it be approved by the shareholders of Affiliated. Since the favorable vote of the holders of at least two-thirds of the outstanding shares of the Cumulative Preferred Stock and of the outstanding shares of Common Stock of Affiliated are required to approve the merger, you are urged to sign and return the enclosed proxy promptly. A return envelope is enclosed for your convenience.

Sincerely yours,

LYLE C. HARVEY,

President.

# JE T 3866.41

AFFILIATED GAS EQUIPMENT, INC.

NOTICE OF A SPECIAL MEETING OF HOLDERS

OF

COMMON AND PREFERRED STOCK
To Be Held February 23, 1955



Cleveland, Ohio February 1, 1955.

#### TO THE SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that a Special Meeting of the holders of the Common and the \$3.00 Cumulative Preferred Stock of AFFILIATED GAS EQUIPMENT, INC., (herein called "AGE") will be held at the office of AGE, 17877 St. Clair Avenue, Cleveland, Ohio, on Wednesday, February 23, 1955, at 3:00 o'clock P. M., for the following purposes:

- to consider and vote upon the adoption of the Agreement of Merger providing for the merger of AGE into Carrier Corporation, a copy of which Agreement of Merger is attached as Exhibit A to the Proxy Statement accompanying this Notice, and to authorize the officers of AGE to take any further action necessary or desirable to make the merger effective;
- to transact such other business as may properly come before the meeting, or any adjournment or adjournments thereof.

Only Common and Preferred Shareholders of record at the close of business on January 28, 1955 are entitled to notice of and to vote at the meeting and any adjournments thereof.

Please sign, date, and return your proxy promptly in the stamped envelope enclosed for your convenience.

BY ORDER OF THE BOARD OF DIRECTORS.

JOHN A. WILSON, Secretary

#### AFFILIATED GAS EQUIPMENT, INC.

# PROXY STATEMENT FOR SPECIAL MEETING OF HOLDERS

0F

#### COMMON AND PREFERRED STOCK

To Be Held February 23, 1955

This statement is furnished in connection with the solicitation of proxies by the Management of Affiliated Gas Equipment, Inc. (hereinafter sometimes referred to as "AGE") to be voted at the Special Meeting of the holders of Common and Preferred Stock to be held on Wednesday, February 23, 1955, at 3:00 o'clock P. M. in the office of AGE, at 17877 St. Clair Avenue, Cleveland, Ohio, and any and all adjournments thereof.

The Special Meeting is to be held for the purpose of considering and voting upon an Agreement of Merger, dated as of January 28, 1955, pursuant to which AGE will be merged into Carrier Corporation (hereinafter sometimes referred to as "Carrier"). A copy of said Agreement of Merger is set forth in full as Exhibit A hereto.

#### **VOTING RIGHTS**

The holders of the Common Stock and the holders of the \$3.00 Cumulative Preferred Stock of AGE of record at the close of business on January 28, 1955, are the only shareholders entitled to notice of and to vote at said Special Meeting on any adjournment or adjournments thereof. There were 1,252,255 shares of said Common Stock and 33,090 shares of said Preferred Stock outstanding on the record date. Each share of stock of each class entitles the holder thereof to one vote.

#### VOTE REQUIRED FOR APPROVAL OF PROPOSAL

AGE and Carrier are both incorporated under the laws of the State of Delaware. Since the proposal to be voted upon concerns a statutory merger, the law of Delaware requires a favorable vote of not less than two-thirds of the outstanding shares of both the Common and Preferred Stock of AGE. In addition, AGE's Amended Certificate of Incorporation requires a favorable vote of not less than two-thirds of its outstanding shares of \$3.00 Cumulative Preferred Stock, considered separately as a class. A similar favorable vote of the holders of two-thirds of Carrier's outstanding Common Stock is required.

#### MERGER OF AGE INTO CARRIER

Your Board of Directors recommends approval of the merger of AGE into Carrier pursuant to the above-mentioned Agreement of Merger which has been approved by the Board of Directors of each corporation and signed by a majority of the directors of each corporation. The reasons which have motivated your Board of Directors in recommending the merger as in the best interests of the shareholders of AGE are set forth in the accompanying letter of Mr. Lyle C. Harvey, President of AGE.

#### Plan of Merge

AGE and Carrier are both corporations of Delaware, and the proposed merger pursuant to Section 251 of Title 8 of the Delaware Code of 1953 will become effective upon the filing and recording of the proposed Agreement of Merger with the proper authorities of the State of Delaware. As stated above, adoption of the Agreement of Merger requires the favorable vote of the holders of record of two-thirds of the outstanding shares of Common Stock of each corporation and of the \$3.00 Cumulative Preferred Stock of AGE present in person or by proxy and entitled to vote.

#### AGE has two classes of authorized stock as follows:

Common Stock (Par Value \$1.00) of which 2,000,000 shares are authorized and 1,252,255 are outstanding; and \$3.00 Cumulative Preferred Stock (Par Value \$0.00) of which 33,330 shares are authorized and 33,090 shares are outstanding (240 shares being held in the treasury of AGE).

#### Carrier also has two classes of authorized stock as follows:

Common Stock (\$10 per value) of which 5,000,000 shares are authorized and 1,464,464 shares are outstanding; and Cumulative Preferred Stock (\$50 per value) of which 800,000 shares are authorized and none is outstanding.

#### The proposed Agreement of Merger provides:

- (a) That each share of AGE Common Stock shall be converted into one-tenth of one share of Cumulative Preferred Stock, 4½% Series, of Carrier and two-elevenths of one share of Common Stock of Carrier.
- (b) That each share of \$3.00 Cumulative Preferred Stock of AGE outstanding in the hands of the public shall be converted into one share of Cumulative Preferred Stock, \$3 Series, of Carrier and that each share of such stock of AGE held in its treasury shall be cancelled.

The terms and provisions of the Common Stock and of the 4½% Series and \$3 Series of Cumulative Preferred Stock of Carrier to be issued upon the merger are described below.

Carrier will be the corporation surviving the merger and the separate corporate existence of AGE will terminate. All AGE's assets, including the stock in its subsidiaries, will become vested in Carrier, and Carrier will become subject to all AGE's liabilities. Holders of the outstanding shares of Common Stock of Carrier will continue to retain such shares.

#### Stock Exchange Listing

All issued shares of the Common Stock and the \$3.00 Cumulative Preferred Stock of AGE are presently listed on the New York Stock Exchange and on the Midwest Stock Exchange. The currently issued shares of Common Stock of Carrier are listed on the New York Stock Exchange. Application will be made by Carrier to list on the New York Stock Exchange all shares of Common Stock and all shares of both series of Preferred Stock of Carrier to be issued pursuant to the merger. Application will also be made by Carrier to list on the Midwest Stock Exchange all shares of Common Stock and all shares of the Cumulative Preferred Stock, 4½% Series, to be issued immediately following the merger. The listings on the New York Stock Exchange and the Midwest Stock Exchange of the shares of Common and \$3.00 Cumulative Preferred Stock of AGE will be discontinued if and when the proposed merger is consummated.

#### Dividends on AGE Common Stock

A quarterly dividend of \$.15 per share has been declared upon the Common Stock of AGE payable on February 28, 1955, to shareholders of record at the close of business on February 15, 1955. In the event that the merger becomes effective, no further dividends will be paid upon AGE Common Stock. However, holders of such stock upon exchange of their AGE Common Stock certificates for shares of Carrier Common Stock and Cumulative Preferred Stock, 4½% Series, will receive such dividends as may have been declared on such stock by Carrier payable to shareholders of record subsequent to the effective date of the merger. AGE shareholders will be advised of the time, shortly after the merger becomes effective, when exchange of stock certificates may begin, how it will be effected and of the procedures as to fractional share interests.

#### Dividends on AGE \$3.00 Cumulative Preferred Stock

If the merger is approved, it is anticipated that it will be consummated before March 20, 1955, which is the date for the next payment of the regular quarterly dividend upon shares of the \$3.00 Cumulative Preferred Stock of AGE. In that event, Carrier intends to pay on March 20, 1955, a regular quarterly dividend on its \$3 Series Preferred Stock (the dividends on which stock cumulate from and after December 20, 1954). Holders of AGE \$3.00 Cumulative Preferred Stock certificates will be entitled to receive that Carrier March 20, 1955, dividend (and any dividends subsequently declared on such stock) upon exchange of such AGE Preferred Stock certificates for shares of Carrier \$3 Series Preferred Stock. Holders of AGE \$3.00 Cumulative Preferred Stock will be advised of the time, shortly after the merger becomes effective, when exchanges of stock certificates may begin and how the exchanges will be effected.

#### Fractional Share Interests

Neither fractional shares, nor scrip certificates therefor, will be issued to the holders of AGE Common Stock, but arrangements will be made with an Exchange Agent so that, for four months after the merger becomes effective, any such stockholder may, through the Exchange Agent, and upon the surrender of his AGE stock certificate or certificates for exchange for Carrier certificates, purchase the additional fraction required to make up a full share or sell the fraction to which he is entitled. Thereafter the Exchange Agent will sell, for the account of holders thereof, shares of Carrier capital stock equivalent to any fractional share interests, as indicated by the then outstanding AGE Common Stock certificates; and the Exchange Agent will thenceforth, and until six years after the merger, pay to such holders, upon exchanges of their stock certificates, the pro rata realization therefor. Any balance of such proceeds remaining at the end of said six-year period shall be returned to Carrier.

#### Certain Financial and Accounting Data

#### Capitalization

The capitalizations of AGE and of Carrier as at January 28, 1955 were, and of the surviving corporation giving effect to the merger and a proposed increase in Carrier's Cumulative Preferred Stock will be, as follows:

	AGE	Before Merger	Alter Merger
LONG-TERM DEST (not including portions due within one year) (a)	\$6,201,000	\$25,000,000	\$31,201,000
	Shares	Shares	Shares
CAPITAL STOCKS:			
AGE			
Common (\$1 par value)	•		
Authorized	2,000,000	_	
Outstanding	1,252,255		_
\$3.00 Cumulative Preferred (\$50 par value)			
Authorized	33,330	_	_
Outstanding	33,090	_	
CARRIER			
Common (\$10 par value)			
Authorized		5,000,000	5,000,000
Outstanding	_	1,461,464	1,692,147
Cumulative Preferred (\$50 par value) authorized regard-			
less of series	_	800,000	1,000,000
41/2% Series			
Authorized and outstanding	_	_	125,226
* \$3 Series			
Authorized and outstanding	_		33,0%

⁽a) Reference is made to the Pro Forma Consolidated Balance Sheet attached hereto for a statement of the interest rates and maturities of the Long-Term Debts of each corporation.

#### Earnings

The following summary of consolidated earnings of Carrier and subsidiaries consolidated for the five years ended October 31, 1954 has been reviewed by Arthur Andersen & Co., independent certified public accountants, whose opinion is contained in their certificate herein; and the following summary of consolidated earnings of AGE and consolidated subsidiaries for the five years and ten months ended October 31, 1954 has been reviewed by Ernst & Ernst, independent certified public accountants, whose opinion is contained in their report herein. The summaries should be read in conjunction with the financial statements of the respective companies set forth herein.

#### Carrier and Consolidated Subsidiaries

Earnings

Fiscal Year Ended October 31	Net Sales	Total Costs and Expenses(a)	Earnings Before Taxes on Income, Etc.	Provision for Taxes on Income, Etc.	Net Earnings	Preferred Dividends Declared	Earnings Applicable to Common Stock	per Share of Common Stock(b)
1954	\$151,399,008	\$133,895,197	\$17,863,013	\$11,000,000	\$6,863,013	\$ 40	\$6.862,973	\$4.69
1953	164,437,530	145,850,119	18,546,134	12,439,000	6,107,134	224,689	5,882,445	4.19
1952	107,700,702	94,988,253	12,314,512	7.792,000	4,522,512	204,723	4,317,789	4.89
1951	80,935,762	70,517,292	10,530,348	6,956,000	3,574,348	210,752	3,363,596	3.88
1950	62,390,539	\$5,704,799	6,642,450	3,478,000	3,164,450	218,226	2,946,224	4.53

⁽a) It is impracticable to segregate selling, general and administrative expenses from costs of completed contracts and sales, since allocations of such expenses have been made to inventories and cost of sales in accounting for government contract business. The gross selling, general and administrative expenses for the last five fixed years were as follows:

1954	\$20,069,790
1953	16,771,144
1952	12,923,833
1951	10,329,594
1060	0 474 115

(b) Based upon the number of shares of such stock outstanding at the end of each year increased by 10% in 1930 to indicate retroactively the effect of a stock dividend declared in December 1950.

#### AGE and Consolidated Subsidiaries

Year Ended December 31		Net Sales	Cost of Goods Sold	Earnings Before Taxes on Income, Etc.	Provision for Taxes on Income, Etc.	Net Earnings	Preferred Dividends Declared	Earnings Applicable to Common Stock	per Share of Common Stock(b)
1954(a)	\$	42,741,630	\$ 32,431,397	\$ 4,105,101	\$ 2,433,700	\$1,671,401	\$ 74,670	\$1,596,731	\$1.28
1953	-	63,324,548	50,966,751	5,035,686	2,772,246	2,263,440	101,033	2,162,407	1.74
1952		\$4,970,383	45,438,738	3,380,442	1,640,776	1,739,666	103,687	1.635,979	1.34
1951		41,083,832	31,884,937	3,959,765	2,413,504	1,546.261	108,082	1,438,179	1.17
1950		43,215,910	33,436,963	4,441,336	2,177,766	2,263,570	113,460	2,150,110	1.76
1949		30,900,489	23,257,851	2,715,502	1,011,805	1,703,697	109,425	1,594,272	1.56

⁽a) Ten months ended October 31, 1954.

In the preparation of the foregoing summary of earnings of AGE and consolidated subsidiaries, allocation of the income tax adjustment referred to in Note J to the financial statements of AGE herein has been made to the years affected thereby.

Net earnings for AGE and consolidated subsidiaries for the twelve months ended December 31, 1954, are estimated at \$1,850,000.

#### Combined Summary of Earnings

The following summary has been prepared by combining amounts in the foregoing summaries and gives effect only to the dividend requirements of the 41/2% Cumulative Preferred Stock of Carrier to be

issued upon the merger, since the equivalent of the annual dividend requirements on the proposed \$3 Cumulative Preferred Stock has been taken into account in the preceding AGE summary of earnings.

Year(a)	Combined Net Sales	Combined Earnings Applicable to Common Stock	Dividends on 4½% Cumulative Preferred Stock Proposed to be Issued(b)	Combined Earnings Applicable to Common Stock After 4½% Preferred Dividends	Combined Earnings per Share of Common Stock(c)
1954	\$194,140,638	\$8,459,704	\$281,758	\$8,177,946	\$4.83
1953	227,762,078	8,044,852	281,758	7,763,094	4.59
1952	162,671,085	5,953,768	281,758	5,672,010	3.35
1951	122,019,594	4,801,775	281,758	4,520,017	2.67
1950	105,606,449	5,096,334	281,758	4,814,576	2.85

⁽a) Calendar year for AGE, except for 1954, which includes AGE figures for the ten months ended October 31, 1954, and fiscal year ended on the last day in October of the identified year for Carrier.

The book value of each share of Common Stock of Carrier and AGE as of October 31, 1954 was \$37.81 and \$13.93, respectively. The book value of each share of Common Stock of Carrier to be outstanding after the merger, computed from the pro forma balance sheet as of October 31, 1954 attached hereto is \$39.14.

#### Dividends on Common Stock

The dividends declared per share of Common Stock of each of the two companies for the last five years have been as follows:

	1954	1953	1925	1951	1950
CARRIER (fiscal years ended Oct. 31)	\$2.00	\$1.85	\$1.40	\$1.00(a)	\$1.00
AGE (calendar years)	.50	.40(b)	.40	.40	.70

⁽a) Plus a stock dividend of 10%.

If the merger becomes effective, the assets and liabilities of AGE are to be recorded on the books of Carrier as then stated on the books of AGE, subject to certain relatively minor adjustments to conform to Carrier's accounting procedures. The accounting entries to be imade reflecting the issuance of the Common and Cumulative Preferred Stocks of Carrier to be issued upon the merger are shown in the proforma balance sheet as of October 31, 1954 attached hereto.

#### Market Prices

The high and low prices at which transactions were effected on the New York Stock Exchange in the stocks of the two companies during the periods indicated below were as follows:

	Carrier Commen Stock		Common AGE		\$3.00 Cu	\$3.00 Cumulative	
	High	Low	High	Low	High	Low	
1953							
1st Quarter	451/4	341/2	1036	81/4	51	50	
2nd Quarter	44	3936	938	814	51	50!4	
3rd Quarter	441/4	35	91/4	73%	51!4	4934	
4th Quarter	4834	3534	834	71/5	52	50	
1954							
1st Quarter	611/3	4614	9	75%	501/2	49	
2nd Quarter	621/4	5374	9}{	736	5114	50	
3rd Quarter	601/4	4856	1354	814	5434	5214	
4th Quarter	6314	491/6	15	11%	521/4	5176	

⁽b) Based on number of shares outstanding and subscribed for at the end of each period.

⁽b) Assuming such shares were outstanding during such period. The combined annual dividend requirements of both series of Cumulative Preferred Stock proposed to be issued after the merger will be \$381,028.

⁽c) Based on the number of shares of Common Stock to be outstanding after the merger.

⁽b) Plus a stock dividend of 2%.

Carrier is engaged in the business of air conditioning and refrigeration.

The products manufactured and sold by it include reciprocating, centrifugal and absorption refrigerating machines; centrifugal and axial flow air and gas compressors; heat diffusing units; cold diffusing units; air circulating devices; heating coils; cooling coils; beat exchangers; humidifying and dehumidifying devices; evaporative condensers; shell and tube condensers and coolers; cooling towers; conduit air conditioning equipment providing both heating and cooling for multi-room buildings; room air conditioners; self-contained air conditioning equipment which provides heating as well as cooling for homes and small commercial establishments; equipment especially designed for air conditioning buses, railroad cars and airplanes; truck refrigeration; unit heaters; food freezers and other food freezing and storage equipment; automatic ice makers; milk coolers; and various other types of products having special applications related to these fields.

The objective of Carrier is to supply equipment to meet substantially all needs in the air conditioning and refrigeration fields, ranging from the smallest to the largest.

Carrier is organized on the basis of products and markets. It has three major operating divisions as follows:

Machinery and Systems Division Unitary Equipment Division Allied Products Division

Each of these conducts its own development engineering, production, sales and accounting activities.

In addition, a central staff organization renders special services in such fields as engineering, production, marketing and finance.

For many years Carrier has engaged in extensive research and development activities. In addition to the various divisional engineering departments, it has a central engineering and research organization that carries out research and advanced engineering programs and provides functional guidance to the various operating divisions.

Sales offices are maintained in various cities throughout the United States and Canada. The field personnel includes not only those devoted to sales work, but also individuals engaged in engineering, installation, service and clerical activities.

Carrier sells large equipment and installs central station systems directly through its own organization as well as through contractors. With the exception of food freezers and unit heaters, most sales of unitary or self-contained equipment are made through distributors and dealers. In marketing unit heaters, Carrier employs for the most part the services of manufacturers' agents. Food freezers are sold through selected distributing organizations.

The International Division of Carrier, with headquarters in New York City, handles sales originating or involving installations outside the United States and Canada. Carrier International Ltd., a wholly-owned subsidiary is engaged in all principal foreign countries except Canada in the commercialization of Carrier's patents, licensing and similar activities. The assets and business of foreign subsidiaries are not material in relation to the assets and business volume of Carrier.

Carrier has executed a number of major government contracts in recent years involving both defense products and regular product lines. At the present time it is making deliveries under a contract of the latter type which is scheduled for completion in its fiscal year 1955. In fiscal 1954 major government contracts accounted for approximately 28% of net sales. Certain of the business of Carrier is subject to renegotiation under the terms of the Renegotiation Act of 1951. No final determination has as yet been made with respect to business renegotiable under this Act for the fiscal years since 1951. It is not anticipated that the results of such determination will have any material effect upon the profits or financial position of Carrier.

Carrier's backlog of uncompleted sales at the end of the first, second, third and fourth fiscal quarters of fiscal 1954 was approximately \$109,300,000, \$102,700,000, \$77,300,000 and \$63,300,000, respectively, with major government contracts accounting for about 49% of the backlog at October 31, 1954.

The main property of Carrier consists of four large manufacturing buildings and related facilities located on Thompson Road in the Town of Dewitt, adjacent to Syracuse, New York, with aggregate floor space of approximately 1,200,000 square feet. Carrier owns directly, or indirectly through a wholly-owned subsidiary, almost 700 acres of land in the Thompson Road section. Therefore, it has adequate space for any future expansion planned for that area.

Carrier also leases the Geddes Street property, which it formerly owned, in the City of Syracuse. New York. This property consists of two manufacturing buildings, an office building, a research and development building and related facilities having approximately 800,000 square feet of floor space devoted to manufacturing, service and waterhousing, approximately 40,000 square feet devoted to research and development, and approximately 90,000 square feet in the office building. Occupancy of this property is on a net lease basis as follows:

	Rental	Period
Office building and laboratories	\$150,000 50,000	To August 31, 1964 September 1, 1964 to October 31, 1966
Approximately 300,000 square feet of manufacturing space Balance of manufacturing space	50,000 125,000	To October 31, 1966 To September <b>30</b> , 1956
	50,000	October 1, 1956 to October 31, 1966

Substantially all of the various sales offices, shops and warehouses of Carrier are all field under leases requiring rentals of approximately \$405,000 per annum. Total annual rentals on leases in excess of three years amount to approximately \$550,000 per year.

#### Business of ACR

AGE is engaged principally in the business of manufacturing and selling gas-fired heating and water heating equipment for residential, commercial and industrial use.

AGE was incorporated under the laws of the State of Delaware on August 7, 1948. As of October 31, 1948, it acquired all of the assets of three corporations, namely, Bryant Heater Company, an Ohio corporation; Day & Night Manufacturing Company, a California corporation; and Payne Furnace Company, a California corporation, for a total consideration of \$10,870,000 and the assumption by AGE of the liabilities of such companies. The business formerly carried on by these three predecessor companies has been conducted by AGE since the acquisition of their assets through three operating divisions known as Bryant Heater Division, Day & Night Division and Payne Furnace Division. Early in 1953, AGE acquired through a wholly-owned subsidiary all of the voting stock in, and the plant and equipment used by, Toronto Hardware Mig. Co. Limited (the name of which has recently been changed to Bryant Manufacturing Co., Limited), an Ontario corporation. At the present time, the principal operations of AGE are conducted through the three divisions and the Canadian subsidiary named above.

#### BRYANT HEATER DIVISION-

This division which represents a continuation of a business founded in 1908 is engaged principally in the manufacture of gas-fired boilers, furnaces, unit heaters, space heaters, conversion burners, water heaters, and, more recently, air conditioning equipment.

Bryant Heater Division operates plants in Indianapolis, Indiana, Tyler, Texas, and New Lexington. Ohio. Under government contract it is also maintaining in stand-by condition a plant for the manufacture

Sousra

•	Foot	Rental	Per:od
Duncan Street,			
Tyler, Texas	156,400	\$44,062	To June 30, 1964
New Lexington, Ohio	10,362	\$ 3,600	To January 1, 1957
1020 London Road,			
Cleveland, Ohio	63,749	\$36,000 increasing to \$44,000	To February 29, 1956 with successive annual options in lessee to extend to February 29, 1964

Bryant products are distributed nationally through approximately fifty independent wholesale specialty distributors and through eight branch sales offices located in key cities, which sell to retail dealers and heating contractors.

In the period 1951-1953, this division was also engaged in the production of materials for defense, the major production activities being for components of the Army M-47 medium tank, and 90 mm. shells for Army Ordnance.

#### DAY & NIGHT DIVISION-

This division which represents a continuation of a business founded in 1908 is engaged principally in the manufacture of gas-fired water heaters, space heaters, wall furnaces, floor furnaces, and the defense products described below. With the Payne Furnace Division, this division operates one plant located in Monrovia, California, which is owned by AGE and contains approximately 357,000 square feet of floor space. This division's products are distributed nationally primarily through wholesale plumbing and heating jobbers.

Commencing in 1951 and continuing through the present time, this division has engaged in the production of materials for defense, the major ones being several models of rocket heads for the Navy and fuel pods for the Air Force F-89 fighter planes. Currently, only this latter defense product is still being manufactured by Day & Night.

#### PAYNE FURNACE DIVISION-

This division which represents a continuation of a business founded in 1914 manufactures various types of gas-fired furnaces (central and floor type), space heaters, and wall heaters. Payne markets its products nationally but for the most part in the states west of the Mississippi River and in the southern states. Its sales are made principally through eight wholesale specialty distributors to retail dealers, wholesale distributors and utilities.

#### BRYANT MANUFACTURING CO., LIMITED-

This Canadian subsidiary, formerly called Toronto Hardware Mfg. Co. Limited, has been in business for over fifty years. For three years before its acquisition by AGE it was the Canadian distributor for the Bryant Heater Division line of products.

It owns and operates a plant in Toronto, Ontario, having approximately 90,000 square feet of floor space in which it manufactures water heaters and related equipment. Plans are under way for the extension of its manufacturing operations to certain other lines of Bryant products. Bryant Manufacturing Co., Limited markets its products throughout Canada and sells its products as well as those of the Bryant Heater Division principally to plumbing dealers.

For the year ended December 31, 1954 defense business of AGE approximated 18.2% of net sales.

AGE's backlog of uncompleted sales at the end of the first, second, third and fourth quarters of 1954 was \$11,204,091, \$7,044,434, \$9,927,771 and \$7,042,250, respectively, of which about \$5,713,000 at December 31, 1954, represented defense business.

The principal executive offices of AGE are located at 17807 St. Clair Avenue, Cleveland, Ohio. In addition to the plants referred to above, AGE leases space for warehousing and branch offices in a number of key cities of the United States. All leases for such space are for short terms, and the rentals thereunder are not significant in the aggregate.

#### Directors and Management

An annual and special meeting of the stockholders of Carrier has also been called for February 23, 1955. One item of business at that meeting will be the regular election of Carrier directors for a term of one year and until their respective successors are elected. Each of the following-named present directors of Carrier has been nominated for reelection at that meeting, and the following information is submitted with respect to each:

Securities Owned Beneficially, Directly or Indirectly as of December 31, 1954 First Became Name and Principal Occupation of Carrier Shares Elliott V. Bell Chairman, Executive Committee, McGraw-Hill Publishing Company, Inc., New York 1950 910 William Bynum Executive Vice-President. Carrier Corporation, Syracuse 1952 715 Clifford Hemphill Partner, Hemphill, Noyes & Co., New York, Investment Bankers 1030 500 H. Follett Hodgkins President, Lipe-Rollway Corporation, Syracuse, Manufacturers of Clutches, Machine Tools and Roller Bearings 1947 350 W. H. G. Murray Johns-Manville Sales Corporation, Syracuse. Asbestos Products 1947 1.000 Cola G. Parker President, Kimberly-Clark Corporation, Neenah, Wisconsin, Paper Products 1951 410 Bayard F. Pope Chairman of the Board, Marine Midland Corporation, New York, Bank Holding Company 1935 250 Frederick B. Scott President, Syracuse Supply Company, Syracuse, 1917 Industrial Supplies and Equipment 600 Herbert E. Smith Director and Member of Finance Committee. 1939-41 United States Rubber Company, New York 1952 200 Herman W. Steinkraus President and Chairman, Bridgeport Brass Company, Bridgeport, Conn., Brass and Copper Mill Products 1943 504 Gardner Symonds President, Tennessee Gas Transmission Company. · Houston, Texas 1954 100 Cloud Wampler President and Chairman, Carrier Corporation, Syracuse 5,000

^{*} Holdings of a joint investment in which Mr. Hemphill has a beneficial interest.

## Remuneration of Carrier Directors For Fiscal Year Ended October 31, 1954

Name of Individual	Capacities in which Remunera- tion was Received	Fees and Selaries	Incentive Compen- sation	Approximate Remuneration after Federal Income Taxes		Annual Benefits** on Resirement Estimated as of October 31, 1954
Cloud Wampler	President, Chairman and Director	80,100	40,000	53,035	9,160	16,077
William Bynum	Executive Vice-President and Director	52,104	20,000	39,346	6,210	16,520

This computation has been made on the basis of salary and incentive compensation paid or awarded for services rendered during the fiscal year ended October 31, 1954; and on the assumptions that each recipient is married and without dependents, that statutory deductions only are made, and that the designated individual has received no income other than remuneration received from Carrier. No representation is made with respect to the actual taxes paid by them.

On September 23, 1954, options were granted to 87 officers and key employees of Carrier for the purchase of 80,500 shares of Carrier Common Stock at \$49.30 per share, such price being 95% of the market price (\$51.875) of the Common Stock on that date. Of this number of shares 5,000 were optioned to Cloud Wampler and 5,000 to William Bynum, such amounts being included in a total of 32,750 shares optioned to the directors and officers as a group. Of the present directors, only Messra. Wampler and Bynum have received such options. All of such options were outstanding as of October 31, 1954 and none can be exercised prior to September 23, 1955. Such options are exercisable in cumulative equal annual attentalments over the first five years of the option term, but must be exercised not later than September 23, 1964.

In the event the merger becomes effective, it is proposed that the Board of Directors of Carrier will then be increased from twelve to fifteen members. It is further proposed that the three vacancies thereby created will be filled by three of the present directors of AGE, with respect to whom the following information is furnished:

Name, Principal Occupation, and Year First Elected a Director of AGE	Share Stock AGI Own Benefi As Januar 19:	of E ed cially of y 19,
Francis H. Beam—(1948)	306	попе
Lyle C. Harvey—(1948)	6630	none
William A. McAfee—(1949)	502	none

Mr. Harvey received aggregate direct remuneration of \$70,040 for the year 1954. In addition AGE paid a premium of \$1,380 on a life insurance policy owned by Mr. Harvey. The amount of pension retirement contributions set aside in 1954 for Mr. Harvey was approximately \$7,000 and his annual retirement benefits are estimated at December 31, 1954 as approximately \$14,000. In 1954 Mr. Harvey exercised options in

respect of 1,530 shares of Common Stock of AGE at a purchase price of \$8.085 per share, the closing market price of such stock at the date of purchase having been \$11.25.

Except for \$700 paid to Mr. Beam for director's fees, neither Mr. Beam nor Mr. McAiee received any direct remuneration during 1954.

The officers of Carrier at the effective date of the merger will remain like officers of the surviving corporation, and in addition thereto it is proposed that Lyle C. Harvey will become Senior Vice-President. It is also expected that other present officers of AGE will occupy appropriate positions in the management of the surviving corporation.

If the proposed merger becomes effective, officers and key employees of AGE who presently participate in the AGE Employee Stock Option Plan and who become employees of Carrier will be granted options to purchase Carrier Common Stock in substitution for their unexercised AGE options. It is anticipated on the basis of the current market price of the Common Stocks of Carrier and AGE, that such substituted options will cover not more than 27,000 shares of Common Stock of Carrier. They will be exercisable at a price and on terms not more favorable, as of the effective date of the merger, than those of the unexercised AGE options.

As of January 10, 1955 none of the present directors of AGE owned any shares of stock in Carrier, nor had any of them received any remuneration from Carrier, according to information furnished to AGE.

# Description of Securities of the Surviving Corporation Cumulative Preferred Stock

Carrier is presently authorized to issue under its Certificate of Incorporation 800,000 shares of Cumulative Preferred Stock (\$50 par value) in series. At the Carrier annual and special meeting called for February 23, 1955, Carrier stockholders are being asked to act upon a proposal to increase the number of shares of authorized Cumulative Preferred Stock by 200,000 shares, to a total of 1,000,000 shares and a proposal to grant general voting rights to all of the authorized Cumulative Preferred Stock. The Board of Directors of Carrier has adopted resolutions providing for the issuance of a \$3 Series consisting of 33,090 shares and a 4½% Series consisting of 125,226 shares. The following is a brief description of the terms of the Cumulative Preferred Stock and of the \$3 Series and 4½% Series thereof, a complete statement of which is set forth in the Certificate of Incorporation and in the resolutions of the Board of Directors of Carrier. Shares of Cumulative Preferred Stock may be issued by the Board of Directors of Carrier from time to time, subject to the thinitations of the Certificate of Incorporation and the resolution providing for the issuance of any series. All shares of Cumulative Preferred Stock will rank on a parity with respect to dividend and liquidation rights, irrespective of series.

In New York, The Marine Midland Trust Company of New York will be transfer agent, and City Bank Farmers Trust Company will be registrar, for the \$3 Series and the 4½% Series of Communitive Preferred Stock. In Chicago, First National Bank of Chicago will be the transfer agent, and Harris Trust & Savings Bank will be the registrar for the 4½% Series, Cumulative Preferred Stock.

### Dividend Rights

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Before any dividends (other than dividends payable in Common Stock) on any class of stock of Carrier ranking junior to the Cumulative Preferred Stock shall be declared or paid, the holders of shares of Cumulative Preferred Stock of each series shall be entitled to receive cash dividends cumulative from the date and at the annual rate fixed by the Board of Directors for such series. No dividends shall be declared on any series unless there shall likewise be declared on each other series at the time outstanding dividends ratably in proportion to the respective annual dividend rates. The annual dividend rate for the \$3 Series is fixed at \$3.00 per share and for the 4½% Series at 4½% of the par value per share, payable quarterly in the case of the \$3 Series on the Series on the date of the 4½% Series on the last day of February, May, August and November in each year. Dividends on the \$3 Series shall be cumulative from and after December 20, 1954 and on the 4½% Series from and after February 28, 1955, except that dividends shall be cumulative from the date of issuance on shares of 4½% Series issued after the record shall for the May 31, 1955 dividend.

^{**} The estimated annual benefits payable upon retirement are contingent upon intervening factors and may never be received to the extent set forth.

Voting Rights

If the stockholders of Carrier approve the grant of general voting rights, the holders of Cumulative Preferred Stock shall be entitled to one vote per share. If dividends on the Cumulative Preferred Stock shall be in default in an amount equivalent to six full quarterly dividends, and thereafter until such time as all accumulated dividends thereon have been paid, such holders shall have the exclusive right, voting separately as a class and without regard to series, to elect two additional directors. Such special voting right will not be affected by the proposed grant of general voting rights. When such special voting power shall have vested in the holders of Cumulative Preferred Stock, a special meeting to elect such directors may be called by action of the holders of at least 10% of the Cumulative Preferred Stock at which meeting the holders of 33/5% of such Stock shall constitute a quorum. Holders of Cumulative Preferred Stock also have the voting rights described under "Other Provisions".

### Liquidation Rights

In the event of any liquidation, dissolution or winding up of Carrier, before any distribution shall be made to holders of stock which ranks junior on liquidation, the holders of the Cumulative Preferred Stock shall be entitled to receive \$50 per share, plus all accumulated dividends (whether or not earned or declared) plus, if such liquidation, dissolution or winding up be voluntary, the premium, if any, payable upon such liquidation, dissolution or winding up as fixed for the shares of the respective series. Such premium in the case of the \$3 Series and the 4½% Series has been fixed at the same as the premium, if any, then payable on shares of such series in the event of redemption, other than for Sinking Fund purposes, as set forth below under "Redemption Provisions".

### Preemptive or Other Subscription Rights

None.

### Conversion Rights

The Board of Directors is authorized to fix by the resolutions providing for each series of Cumulative Preferred Stock whether or not the shares of such series shall be convertible into, or exchangeable for, shares of stock of Carrier and the terms of such conversion or exchange. The \$3 Series and 4½% Series have no conversion or exchange rights.

### Redemption Provisions

Carrier may redeem at any time, upon 30 days notice by mail to the holders of record, the whole or from time to time any part of the Cumulative Preferred Stock of any series at the time outstanding, at \$50 per share plus all accumulated dividends, plus the premium, if any, payable upon such redemption fixed by the Board of Directors for such series. The premium payable upon the redemption of shares of the \$3 Series, other than for Sinking Fund purposes, will be \$2.25 per share if redeemed on or before January 15, 1958 and \$1.25 per share if redeemed on or before January 15, 1958 and \$1.25 per share if redeemed on or before February 28, 1957 and will decrease \$.50 every two years thereafter, with no premium being payable on such redemptions after February 28, 1967. The premium payable on redemption of \$3 Series for Sinking Fund purposes will be \$1.50 per share if redeemed on or before January 15, 1958 and \$1.25 per share if redeemed thereafter. No premium will be payable on redemption of shares of the 4½% Series for Sinking Fund purposes.

### Sinking and Purchase Fund Provisions

The Board of Directors is authorized to fix by the resolutions providing for each series of Cumulative Preferred Stock whether or not the shares of such series shall be subject to the operation of a retinement or sinking fund and the provisions relative to the operation thereof.

The \$3 Series will be subject to the operation of a cumulative annual Sinking Fund, under which Carrier, during the one lundred and twenty days following the close of its fiscal year commencing with the fiscal year ending in 1955, will retire, through purchase, redemption or otherwise, shares of the \$3 Series of a par value equivalent to 31/5% of the aggregate par value of the total number of shares of such Series issued prior to the

close of the next preceding fiscal year, plus any Sinking Fund arrearages. Shares of the \$3 Series acquired by Carrier may be credited against any accrued or future Sinking Fund obligation.

The 4½% Series will be subject to the operation of a non-cumulative Purchase Fund commencing on February 28, 1961 and ending on February 29, 1965 under which funds will be set aside on the books of Carrier, to the extent earned after dividends on the Cumulative Preferred Stock and on other stocks ranking prior to or equally with the Cumulative Preferred Stock, sufficient to purchase in each year at \$50 per share, 3% of the maximum number of shares of such series issued before February 28, 1961 less at \$50 per share, 3% of the maximum number of such shares retired prior to such date. The funds so set aside will be applied so far as practicable to the purchase of shares of 4½% Series at prices not exceeding \$50 per share, and any funds not so applied within each year will be returned to the general funds of Carrier.

Commencing on March 1, 1965, the 4½% Series will be subject to the operation of a cumulative Annual Sinking Fund by the terms of which Carrier will be required to apply to the retirement of the 4½% Series amounts, to the extent earned after dividends on the Cumulative Preferred Stock and on other stocks ranking prior to or equally with the Cumulative Preferred Stock, sufficient to retire, on or before February 28, 1966 and on or before each February 28 thereafter, 3% of the maximum number of shares of such series issued before February 28, 1961 less the number of such shares retired prior to such date. Shares of the 4½% Series acquired by Carrier may be credited against any accrued or future Annual Sinking Fund obligation.

### Restrictions on Junior Dividends and Acquisitions of Junior Stock

The Board of Directors is authorized to fix by the resolutions providing for each series of Cumulative Preferred Stock the limitations on payment of dividends on, or acquisitions of, securities junior to such stock. So long as any shares of the \$3 Series or 4½% Series are outstanding, Carrier may not pay dividends (except in Common Stock:) or make distributions on junior stock, or purchase or redeem junior stock:

- (a) if thereafter the aggregate of all dividends, distributions, purchases or redemptions since October 31, 1954 on all shares of stock would exceed the sum of (i) consolidated net income of Carrier earned since October 31, 1954 (ii) \$6,000,000 and (iii) the aggregate net consideration received by Carrier from the issue or sale of any junior stock since October 31, 1954, or
- (b) if thereafter "consolidated net tangible assets" of Carrier would be less than 175% of the "consolidated fixed liabilities and preferred stock" of Carrier.

Carrier may not pay dividends (except in Common Stock) or make distributions on junior stock, or purchase or redeem junior stock (1) as long as any shares of the \$3 Series are outstanding if at the time Carrier is in default with respect to dividends thereon or any obligation on the Sinking Fund for such Series and (2) as long as any shares of the 4½% Series are outstanding if at the time Carrier is in default with respect to dividends thereon or any obligation on the Purchase or Sinking Fund for such Series. So long as Carrier is in default with respect to dividends on the Cumulative Preferred Stock, Carrier shall not, without the affirmative vote of 65½% of the Cumulative Preferred Stock then outstanding, redeem less than all such stock and neither Carrier nor any subsidiary shall purchase any Cumulative Preferred Stock except pursuant to an offer to all holders upon the same terms.

### Restrictions on Issuance of Funded Debt or Preferred Stock

So long as any shares of the \$3 Series or the 4½% Series are outstanding, Carrier may not create, incur, issue or guarantee any funded debt or issue any Cumulative Preferred Stock or prior or parity stock, or permit any subsidiary to create, incur, issue, assume or guarantee any funded debt or issue any preferred stock (except debt or stock issued to Carrier or a wholly-owned subsidiary), if immediately thereafter there would exist the condition described in clause (b) under the subheading "Restrictions on Junior Dividends and Acquisitions of Junior Stock" above.

### Liability to Further Calls or to Assessment

The \$3 Series and 435% Series of Cumulative Preferred Stock, when issued in accordance with the terms of the Agreement of Merger, will be fully paid and non-assessable.

### Other Provision

Shares of Cumulative Preferred Stock which have been acquired for a retirement or sinking fund or redeemed or which, if convertible or exchangeable, have been converted into or exchanged for stock ranking junior to the Cumulative Preferred Stock, shall have the status of authorized and unissued shares of Cumulative Preferred Stock of any series retired through the operation of a retirement or sinking fund may be re-issued only as a part of another series; but Cumulative Peferred Stock which have

been redeemed (otherwise than through operation of a retirement or sinking fund) or converted into junior stock may be re-issued as a part of the same series or as part of another series if not prohibited by the resolution of the Board of Directors providing for the issuance of such other series. The resolution establishing the 41/5% Series does not prohibit such re-issuance; the resolution establishing the \$3 Series prohibits the re-issuance of such shares as part of the \$3 Series.

So long as any Cumulative Preferred Stock shall be outstanding Carrier shall not, without the affirmative vote or written consent of the holders of at least two-thirds in amount of the Cumulative Preferred Stock of all series then outstanding: (1) create any other class of stock which shall, as to dividends or upon liquidation, rank prior to the Cumulative Preferred Stock, or increase the authorized number of shares of any such other class of stock, or (2) amend, alter or repeal in any manner the express terms and provisions of its Certificate of Incorporation applicable to all series of Cumulative Preferred Stock. In addition the Corporation shall not without the affirmative vote or written consent of (i) at least two-thirds in amount of the outstanding Cumulative Preferred Stock of any particular series change the express terms of the special provisions fixed for such series in any material respect prejudicial to the holders of the shares of such series or (ii) at least a majority in amount of the outstanding Cumulative Preferred Stock, as a class, increase the authorized amount of such Stock, create any other classes of stock ranking on a parity with such Stock either as to dividends or upon liquidation, merge or consolidate with any other corporation other than a wholly-owned subsidiary, or voluntarily dissolve.

Description of Common Stock

Subject to the prior rights of holders of the Cumulative Preferred Stock and to limitations on dividends and other restrictions contained in any resolutions providing for the issue of any series of Cumulative Preferred Stock, or set forth below under "Certain Dividend Restrictions", the Common Stock (1) is entitled to dividends as declared by the Board of Directors, (2) is entitled to one vote per share, and (3) is entitled to receive any distribution made to stockholders in liquidation. Holders of Common Stock will have preemptive rights except with respect to (a) any shares of preferred stock not convertible into Common Stock, (b) shares of Common Stock (not in excess of 71/2% of the maximum number of shares thereof at any time outstanding or 250,000 shares, whichever is less) reserved for issue and sale pursuant to options or otherwise to officers or other employees, (c) evidences of indebtedness convertible into Common Stock and any shares of Common Stock issuable upon conversion thereof, and (d) such rights or options to purchase stock or other securities as may be granted by the Board of Directors to any person, firm or corporation.

Guaranty Trust Company of New York is the transfer agent and The Chase National Bank of the City of New York is the registrar, of Carrier's Common Stock. In Chicago, First National Bank of Chicago will be the transfer agent, and Harris Trust & Savings Bank will be the registrar of Carrier's Common Stock.

### Certain Dividend Restrictions

The provisions of Carrier's Note held by Metropolitan Life Insurance Company prohibit payment of dividends (except in Common Stock) or other distributions on Common Stock, or retirement of Common Stock if thereafter:

- (a) the sum of (i) all dividends and distributions on and retirements of capital stock since October 31, 1953 and (ii) the aggregate net cash consideration received by Carrier from the sale of stock since that date would exceed consolidated net income of Carrier since October 31, 1953, plus \$3,000,000, and
  - (b) consolidated net current assets would be less than \$35,000,000.

The amount of consolidated earned surplus of Carrier at October 31, 1934, not restricted under the foregoing provisions will be about \$7,500,000.

The provision of AGE's Note Agreement with the Penn Mutual Life Insurance Company and Massachusetts Mutual Life Insurance Company, which Agreement is to be assumed by Carrier upon the effectiveness of the merger, will, upon such effectiveness, contain restrictions having substantially the same effect as those described in the preceding paragraph, except that the consolidated net current asset figure will be \$43,000,000.

### Certain Certificate of Incorporation Provisions

The rights of stockholders of AGE and Carrier granted under the respective certificates of incorporation of the two corporations vary in a few important respects not otherwise set forth in this Proxy Statement. Under AGE's Certificate of Incorporation, holders of AGE Common Stock are given cumulative voting rights in the election of directors, whereas Carrier stockholders do not have cumulative voting rights. AGE stockholders do not have any preemptive rights to purchase any new or additional AGE stock or securities. The preemptive rights of the holders of Common Stock of Carrier are set forth under "Description of Common Stock" on page 14 of this Proxy Statement.

### Tax Consequences

The Internal Revenue Service has ruled that under applicable provisions of the existing Internal Revenue Code neither of the merging corporations nor the stockholders of AGE upon the conversion of AGE stock into stock of Carrier, nor stockholders of Carrier, will realize gain or loss by reason of the merger; and, further, that the proceeds of disposition by sale of the Carrier Cumulative Preferred Stock, 41/26 Series, received by the AGE common stockholders will be subject to capital gain treatment (except in the case of "dealers"), unless such a sale is in anticipation of a retirement or a redemption of such 41/2% Series Preferred Stock shortly after the issuance of such stock. No such retirement or redeniption is now contemplated.

The ruling does not cover the treatment of the proceeds upon a disposition by retirement or redemption. Carrier has no present intention of retiring or redeeming any of such 41/2% Series Preierred Stock (except through the Purchase and Sinking Funds) so long as the provisions of the existing Internal Revenue Code applicable thereto remain in effect without first obtaining an opinion of its counsel to the effect that the proceeds of any such retirement or redemption received by any holder of such stock will be given the same income tax treatment as the proceeds from a disposition by sale.

Copies of the ruling referred to above may be obtained from the Secretary of AGE.

For the purpose of determining gain or loss upon a sale of capital stock of Carrier received as a result of

- (i) The cost of the Common Stock of AGE held by each AGE common stockholder will be allocated between the Common Stock and 434% Series Preferred Stock of Carrier into which such Common Stock of AGE is converted on the basis of the fair market values of such stocks of Carrier on the date the merger becomes effective; and
- (ii) The cost of each share of \$3.00 Preferred Stock of AGE held by AGE preferred stockholders will become the cost to such preferred stockholder of the Cumulative Preferred Stock, \$3 Series, of Carrier into which such AGE Preferred Stock is converted.

### Certain Conditions to Effecting the Merger

Carrier and AGE have entered into an agreement dated January 28, 1955, covering certain matters incident to effecting the merger. In that agreement each corporation makes certain representations and warranties relating, among other things, to their respective financial statements, as attached hereto, and to titles to their respective properties. The obligation of AGE to effect the merger is subject to certain conditions, including, among other things, receipt from Carrier of favorable opinions of Carrier's counsel as to legal matters and a certificate of an authorized officer of Carrier to the effect that at the date of such certificate the representations and warranties of Carrier in the agreement are substantially accurate in all material respects, that it has duly performed its obligations in the agreement, and that since the date of the agreement there has been no substantial adverse change in its condition or operations, other than as contemplated in the agreement, nor any substantial loss or damage to any of its properties or assets which would materially impair its ability to conduct its business. The obligation of Carrier to effect the merger is also subject to certain conditions, including, among other things, receipt from AGE of favorable opinions of AGE's counsel as to certain legal matters and a certificate (similar to that described above) of an authorized officer of AGE, and to the further condition that the effecting of the merger shall not be deemed by Carrier to be impracticable by reason of the possible exercise of statutory rights of appraisal and payment for stock by holders of Common Stock of Carrier and AGE, it being specified that the merger shall not be so deemed impracticable by Carrier timless the aggregate closing prices on the New York Stock Exchange, on the dates of the respective stockholders' meetings of Carrier and AGE, of the Common Stocks of Carrier and AGE in respect of which written object tion to the merger shall have been duly made, shall exceed \$2,000,000.

### Rights of Dissenting Stockholders

Section 262 of Title 8 of The Delaware Codo of 1953 provides, in effect, that the corporation surviving a merger shall, within ten days after the agreement of merger has been filed and recorded, give notice by registered mail of such filing and recording to each stockholder of either corporation which is party to the merger who objected to the merger in writing and filed with his company such written objection before the taking of the vote

on the merger, and whose shares were not voted in favor thereof. Within twenty days after the date of such registered mailing of notice, any such stockholder may demand from the surviving corporation payment for his shares. Within thirty days after such twenty-day period, the surviving corporation may pay to such stockholder the value of his shares exclusive of any element of value arising from the expectation or accomplishment of the merger. If during such thirty-day period the surviving corporation and the stockholder fail to agree on the value of such shares, he or the corporation may petition the Court of Chancery of Delaware, within four months after the expiration of such thirty-day period, to determine the value by an appraiser appointed by the Court, of the shares of all such holders. The cost of any such appraisal, exclusive of counsel fees and expenses of giving notice, may on application be determined by the Court and taxed upon the parties or any of them as appears equitable. Any stockholder who files written objection and demands payment for his shares as above set forth is not thereafter entitled to vote or to receive dividends thereon unless the appointment of an appraiser is not applied for within the specified period or unless the proceeding is dismissed as to such stockholder, or unless he agrees in writing with the surviving company to withdraw his objections and accept the terms of the merger, in any of which cases the right to payment for his shares ceases. Under Delaware Law the marking of the ballot in the proxy form to indicate a vote against the proposed merger does not constitute a written objection within Section 262.

These rights apply to the stockholders of both companies.

### Proxy and Voting Procedures

The enclosed proxy is solicited by the management of AGE for use at this meeting and any adjournment or adjournments thereof. A proxy may be revoked at any time before it is exercised. Upon the request of any stockholder attending the meeting, his proxy will not be used.

The persons named in the enclosed proxy will vote the shares represented by the proxy and intend to vote for the adoption of the Agreement of Merger unless the proxy is marked to the contrary, and in that case will vote as the proxy indicates.

The Management does not intend to present, and at the date hereof has no information that others will present, any matter not specifically set forth in the accompanying Notice of Special Meeting of Holders of Common and Preferred Stock. In the event that any other matter properly comes before the meeting or any adjournment thereof, it is intended that the persons named in the accompanying form of proxy and acting thereunder will vote in accordance with their judgment on such matters.

### Reference to Financial Statements

Attention is called to the financial statements attached hereto. Additional financial statements relating to prior years for both companies are on file at the office of the Securities and Exchange Commission, Washington, D. C., and at the office of the New York Stock Exchange.

### Expenses of Solicitation

AGE (or the surviving corporation, if the merger is approved) will pay the cost of soliciting proxies in the accompanying form. In addition to solicitation by use of the mails, certain officers and regular employees of AGE may solicit the return of proxies by telephone, telegram or personal interview. AGE has retained the organization of Dudley F. King, 70 Pine Street, New York 5, New York, to aid in the solicitation of proxies. It is expected that approximately 30 of his assistants or employees will for limited periods solicit proxies by personal interview, mail, telephone and telegraph and may request brokerage houses and other custodians, nominees and fiduciaries, to forward soliciting material to the beneficial owners of the stock held of record by such persons. For these services AGE (or the surviving corporation) will pay a sum estimated at \$4,000 and also will make reimbursement for payments made for AGE's account to brokers and other nominees for their expenses in forwarding soliciting material.

### Request to Stockholders

It is important that proxies be returned promptly. Therefore, shareholders who do not expect to attend in person are urged to fill in, sign and return the enclosed proxy.

By Order of the Board of Directors,

JOHN A. WILSON, Secretary.

Dated February 1, 1955.

### AUDITORS' CERTIFICATE

To the Stockholders and Board of Directors, CARRIER CORPORATION:

We have examined the consolidated balance sheet of Carrier Corporation (a Delaware corporation) and subsidiary companies consolidated as of October 31, 1954, and the related statements of consolidated profit and loss and surplus for the three fiscal years ended October 31, 1954. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We had previously made similar examinations for the fiscal years from November 1, 1949, to October 31, 1951.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated profit and loss and surplus present fairly the financial position of Carrier Corporation and subsidiary companies consolidated as of October 31, 1954, and the results of their operations for the three fiscal years then ended, and were prepared in conformity with generally accepted accounting principles consistently applied during such fiscal years.

We have also examined the summary of earnings for the fiscal years from November 1, 1949, to October 31, 1954, included in this Proxy Statement under the caption "Earnings". In our opinion, said summary presents fairly the consolidated results of operations of Carrier Corporation and subsidiary companies consolidated for the five years ended October 31, 1954, and was prepared in conformity with generally accepted accounting principles consistently applied during such fiscal years.

ARTHUR ANDERSEN & Co.

New York, N. Y., December 10, 1954.

# CARRIER CORPORATION AND SUBSIDIARY COMPANIES CONSOLIDATED CONSOLIDATED BALANCE SHEET

### October 31, 1954

### ASSETS

URRENT ASSETS:		
Demand deposits in banks and cash on hand		\$ 14,461,509
U. S. Government and other marketable securities, at cost	,	4,495,000
Notes receivable	\$10,341,790	
Accounts receivable (including \$124,186 from subsidiaries not consolidated)	8,010.708	
	\$18,352,498	
Less: Reserve for doubtful notes and accounts	547,121	17,805,377
Billings and expenditures on U. S. Government contracts and subcontracts-		
Billings	\$ 935,640	
Reisnbursable costs	236,648	
Expenditures on contracts-Receivable as deliveries are made	4,441,281	5,613,569
Laventories—		
Costs on uncompleted contracts	\$ 7,550,884	
Less: Billiags thereon not in excess of costs expended	6,072.857	
•	\$ 1,478,027	
Finished goods, work in process and raw materials; priced at the lower of cost or market (Note 2)	24,402,003	25.880,030
Total Current Assets		\$ 68,255,485
REPAID EXPENSES, SECREGATED FUNDS, ETC.:		
Prepaid expenses and deferred charges—		
Prepaid insurance, taxes, etc.	\$ 641,011	
Leasthold improvements (Note 3)	370,749	
Operating supplies	742,749	
U. S. Government securities segregated for plant expansion	10,000,000	
Investments in and advances to subsidiaries and affiliates not consolidated, at cost-less		
reserve of \$900,000 (Note 1)	753,582	
Other receivables	352,458	12,860,549
ings Assets, at cost:		
Land	\$ 322,047	
Buildings	11,516,772	
Machinery, equipment, etc.	16,739,844	
Macmosty, equipment, etc.		
Machinery, equipment, etc.	\$28,578,663	

The accompanying notes to consolidated financial statements are an integral part of this balance sheet

\$101,248,525

# CARRIER CORPORATION AND SUBSIDIARY COMPANIES CONSOLIDATED CONSOLIDATED BALANCE SHEET

October 31, 1954

### LIABILITIES

Dividend payable		732.3
Accrued liabilities—		,,,,,
Wages and salaries	\$ 1,180,997	
Taxes, other than income and excess profits taxes	343,752	
Other	1,107,622	2,632,3
Provision for income and excess profits taxes, etc	\$10,500,000	
Less: U. S. Government securities, at cost	10,500,000	_
Billings in excess of costs on uncompleted contracts		2.450.7
Advance on U. S. Government contract	*******************************	4.741.0
Reserves for additional costs and possible future expenses on completed contracts and sales	ı, etc	2,600.2
Total Current Liabilities		\$ 20,867,0
16-YEAM DEAT: 3.75% Note, due June 1, 1979; annual prepayments of \$1,000,000—1,500,000, due each June 1 1978, inclusive	from 1960 to	
3.75% Note, due June 1, 1979; annual prepayments of \$1,000,000-1.500,000, due each June 1	from 1960 to	
3.75% Note, due June 1, 1979; annual prepayments of \$1,000,000—1.500,000, due each June 1 1978, inclusive	from 1960 to	25,000,0
3.75% Note, due June 1, 1979; annual prepayments of \$1,000,000—1,500,000, due each June 1 1978, inclusive  **TAL STOCK AND SURPLUS:  Preferred Stock (Cumulative), par value \$50 per share; authorized: 800,000 shares,		
3.75% Note, due June 1, 1979; annual prepayments of \$1,000,000—1,500,000, due each June 1 1978, inclusive ————————————————————————————————————	<b>.</b>	
3.75% Note, due June 1, 1979; annual prepayments of \$1,000,000—1.500,000, due each June 1 1978, inclusive	\$ 14,645,260	
3.75% Note, due June 1, 1979; annual prepayments of \$1,000,000—1,500,000, due each June 1 1978, inclusive	<b>.</b>	
3.75% Note, due June 1, 1979; annual prepayments of \$1,000,000—1,500,000, due each June 1 1978, inclusive —  Peral Spock are Supertia:  Preferred Stock (Cumulative), par value \$50 per share; authorized: 800,000 shares, issuable in series—  Common Stock, par value \$10 per share; authorized: 5,000,000 shares; issued and outstanding, 1,464,526 shares, including 66 shares reserved for conversion of scrip (Note 9)—  Capital Surplus (see accompanying statement)————————————————————————————————————	\$ 14,645,269 15,657,571 25.078,050	25,000,6
1978, inclusive  Prefat Stock (Cumulative), par value \$50 per share; authorized: 800,000 shares, issuable in series  Common Stock, par value \$10 per share; authorized: 5,000,000 shares; issued and outstanding, 1,464,526 shares, including 66 shares reserved for conversion of scrip (Note 9)  Capital Surplus (see accompanying statement)  Earned Surplus (see accompanying statement and Note 4)	\$ 14,645,269 15,657,571 25.078,050	25,000,6
3.75% Note, due June 1, 1979; annual prepayments of \$1,000,000—1,500,000, due each June 1 1978, inclusive ————————————————————————————————————	\$ 14,645,269 15,657,571 25.078,050	
3.75% Note, due June 1, 1979; annual prepayments of \$1,000,000—1,500,000, due each June 1 1978, inclusive ————————————————————————————————————	\$ 14,645,269 15,657,571 25.078,050	25,000,0

he accompanying notes to consolidated financial statements are an integral part of this balance sheet

# CARRIER CORPORATION AND SUBSIDIARY COMPANIES CONSOLIDATED STATEMENTS OF CONSOLIDATED PROFIT AND LOSS

### For the Years Ended October 31, 1952, 1953 and 1954

	1952	1953	1954
Completed Contracts and Sales, less returned sales (Note 6)	\$107,700,702	\$164,437,530	\$151,399,008
Costs of Completed Contracts and Sales (Note 2)	\$ 94,988,253	\$145,850,119	\$133,895,197
Selling, General and Administrative Expenses	(Note 6)	(Note 6)	( Note 6)
Total Costs and Expenses	\$ 94,988,253	\$145.850,119	\$133,895,197
Operating Profit	\$ 12,712,449	\$ 18,587,411	\$ 17,503,811
Other Income:			
Interest Discounts on purchases Dividends	\$ 183,979 120,403 30,133	\$ 400,794 226,307 100,002	\$ 615,861 218,465 209,286
Other	186,167	106,229	349,254
	\$ 520,682	\$ 811,132	\$ 1,383,866
	\$ 13,233.131	\$ 19,420,743	\$ 18,887,677
Other Deductions:			
Interest	\$ 891,989 26,630	\$ 835,058 39.551	\$ 963,869 60,795
	\$ 918,619	\$ 874,609	\$ 1,024,664
Profit before income and excess profits taxes, etc	\$ 12,314,512	\$ 18,546,134	\$ 17,863,013
Provision for Income and Excess Profits Taxes, Etc.	7,792,000	12,439,000	11,000,000
Net Proft	\$ 4,522,512	\$ 6,107,134	\$ 6,863,013

The accompanying notes to consolidated financial statements are an integral part of these statements.

# CARRIER CORPORATION AND SUBSIDIARY COMPANIES CONSOLIDATED STATEMENTS OF CONSOLIDATED SURPLUS

### For the Years Ended October 31, 1952, 1953 and 1954

### CAPITAL SURPLUS

	1952	1953	1954
Balance at beginning of year	\$ 4,087,384	\$ 4,390,653	\$14,385,311
Add:			
Differences in par value on conversion of Preferred Stock into Common Stock			
4% Series-50, 64,198 and 37,427 shares, respectively	1,700	2,182.732	1,272,518
4.8% Series-8,371 and 70,227 shares, respectively	251,130	2.106,810	_
Excess of proceeds from sale of stock over par value thereof, less applicable expenses—			
Preferred Stock 4.8% Series (78,734 shares; applicable expenses \$197,384)	38.818		
Common Stock (278,422 shares; applicable expenses \$349,882)	4-1	5.705.796	_
Excess of par value of Preferred Stock redeemed over cost thereof—	. –	3,703,70	
4% Series—1.610 and 129 shares, respectively	11.621	_	(258)
4.8% Series-136 shares		(680)	~-
Balance at end of year	<b>\$ 4,390,653</b>	\$14,385,311	\$15,657,571
EARNED SURPLUS			
Balance at beginning of year	\$14,271,208	\$17,363,587	\$21,124.039
Carrier Engineering Ltd., consolidated in 1954	. <del>-</del>	-	19,932
Add:			
Net profit	4,522,512	6,107,134	6,863,013
	\$18.793.720	\$23,470,721	\$28,006,984
Dedect:			
Dividends—			
Preferred Stock—at the yearly rate of \$2.00 per share for the 4% Series and \$2.40 per share for the 4.8% Series		\$ 224,689	\$ 40
Common Stock-\$1.40, \$1.85 and \$2.00 per share respectively		2,121,993	2,928,694
	\$ 1,420,133	\$ 2,345,582	\$ 2,928,914
Balance at end of year		\$21,124,039	\$25,078,050
-	-	***********	25-50 15:12

The accompanying notes to consolidated financial statements are an integral part of these statements

### (1) PRINCIPLES OF CONSOLIBATION:

The consolidated financial statements for the year ended October 31, 1954, include the accounts of the Corporation and two wholly-owned subsidiaries (domestic and Canadian) with similar operations. In prior years the Canadian subsidiary's accounts have not been consolidated. Inclusion thereof on a dollar for dollar basis increased total assets by \$742,141, completed contracts and sales by \$1,035,816 and net profit by \$113,243 in facal 1954.

All intercompany items between the Corporation and its two subsidiaries consolidated have been eliminated in consolidation. Corporation's equity in the net assets of the two subsidiaries consolidated, as shown by their books, was \$657,267 in. excess of the investment in capside stork of such subsidiaries. In consolidation, this excess has been added to "Earned Surplus".

With respect to companies not consolidated, separate statements of five wholly-owned subsidiaries (four foreign and one domestic), there majority-owned subsidiaries (one foreign and two domestic), four 50% owned companies and a 335% owned companies and a 335% owned companies in the aggregate are not significant in relation to the met assets and operations of these companies in the aggregate are not significant in relation to the met assets and operations of the Corporation and subsidiary companies consolidate.

The equity of the Corporation in the net tangible assets underlying its investment (cost \$54,088) in four wholly-owned foreign subsidiaries not consolidated approximated \$2,100,000 at October 31, 1954. Earnings of these subsidiaries for fiscal 1954 amounted to approximately \$77,500; and a dividend of \$100,000 was received by the Corporation.

The equity in the net tangible assets underlying its investment (cost, less reserve, \$517,595) in a anajority-owned domestic subsidiary not consolidated, four 50% owned domestic companies and a 33½% owned domestic company approximated \$1,000,000 at October 31, 1934. The four 50% owned companies reported a relatively immuterial net lost fiscal 1934. The equity in the earnings of the two other companies for fiscal 1954 approximated \$100,000; and a dividend of \$100,000 was received by the Comportion.

The Corporation's equity in the net tangible assets and earnings of one foreign and two domestic subsidiaries is not given above for the reason that such companies are not material and are not interrated in operations.

### (2) INVENTORIES

laventories of finished goods, work in process and raw materials are priced at the lower of cost (standard costs adjusted when variations from actual are significant) or market (replacement cost or net realizable raise). The classes of inventories used in determining costs of sales in the accompanying statements of profit and loss were as follows:

			Raw materials and work in process	Finished goods (including service inventories)	Total
October	31,	1951	\$12,905,834	\$ 4,544,162	\$17,449,996
October	31,	1952	10,519,997	4.621.201	15,141,198
October	31,	1953	16,312,171	8,568,919	24,881,090
October	31.	1954	11.828.621	12 573 382	24 402 003

It is impracticable to show separately the amounts of raw materials and work in process at the above dates. However, based on the related physical inventories, the following percentages applied;

	Raw Materiale	Work i
July 31, 1951	75%	25%
July 31, 1952	67%	33%
August 31, 1953	61%	39%
July 31, 1954	62%	38%

### (3) DEPRECIATION POLICY:

The Corporation follows the policy of providing for depreciation by charges to costs and expenses on a straight-line basis at rates based on the estimated dives of major units of property and of limited groups of minor units. The ranges of anomal depreciation rates used during the three years ended October 31, 1954, generally, are as follows:

Buildings	2% to 10%
Machinery and equipment	5% to 18%
Furniture and fixtures	6% to 15%
Jigs, dies, patterns, fixtures and tools	18% to 40%
Shop equipment	10%
Automobiles	18% to 22%
Appliances and equipment	15%

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Expenditures in connection with design, development and research, including patent costs, are charged off as incurred.

Maintenance and repairs are charged to costs and expenses as incurred; renewals and betterments are, in general, capitalized.

At the time fixed assets are retired or otherwise disposed of, the reserves for depreciation are charged with the accumulated depreciation applicable to such assets. The differences between the amounts at which such assets are carried (less accumulated depreciation) and the proceeds in the case of sales of property, are charged or credited to costs and expenses.

Lessehold improvements are amortised over the terms of the applicable lesses.

### (4) RESTRICTIONS OF SURPLUS:

The terms of the 3.75% note payable contain, among other things, certain restrictions on the payment of dividends on the Common Stock. At October 31, 1954, consolidated earned surplus not restricted under the note amounted to approximately exponent.

### (5) CONTINGENT LIABILITIES:

The Corporation is contingently liable at October 31, 1954, for \$1,520,000 as guarantor on notes receivable discounted by dealers and distributors.

Annual rentals on long-term leases as of the close of fiscal 1954 amounted to approximately \$550,000.

### (6) MAJOR GOVERNMENT CONTRACT BUSINESS:

Approximately \$25,000,000, \$69,000,000 and \$42,000,000 of completed contracts and sales for fiscal 1952, 1953 and 1954, respectively, represented major government contract business, of which a portion is subject to renegotiation. In the opinion of management, so material changes in the reported earnings is anxietyicated as a reveal of renegotiation.

The gross selling, general and administrative expenses for fiscal 1952, 1953 and 1954, amounted to \$12,923,833, \$16,771.144 and \$20,069,790, respectively. It is impracticable to segregate such expenses from costs of completed contracts and sales for these three years, since allocations of such expenses have been made to inventories and cost of sales in accounting for government contract besiness.

### (7) ADDITIONAL COMPENSATION:

During the fiscal years 1952, 1953 and 1954, the amounts of \$650,000, \$778,000 and \$592,000, respectively, were approved for distribution, under an Incentive Plan authorized by the Board of Directors as additional compensation to officers and employees for outstanding management, sales and technical accomplishments. These amounts have been charged to costs and expenses in the respective fiscal years.

### (E) Function Section Plant

and the Corporation adopted, effective October 31, 1943, an Employees Security Plan for the purpose of providing retirement and death hemofits over and above those provided by the Social Security Act. During 1954 the plan was amended increasing employee eligibility and hemofits. Generally, pensions are covered by a combination of policies issued by insurance companies and by a trust fund. The Corporation hears she entire cost of the plan and reserves the right to discontinue or modify the nian at any time.

Amounts paid or accrued and charged to costs and expenses during the three fiscal years ended October 31, 1954, were as follows:

1952	\$ F37.500
1953	1,208,213
1054	1 300 000

The infunded past service cost under the plan, as amended, aggregated approximately \$1,700,000 at October 31, 1954. It is the present intention of the Corporation to fund such past service cost in installments over the next ten and one half years. The aggregate annual past and future service costs under the plan is estimated to be \$1,300,000.

### (9) INCENTIVE STOCE OPTION PLAN:

The Incentive Stock Option Plan (approved in 1954) provides that 75% of the maximum number of shares of the Corporation's common stock outstanding or 250,000 shares, whichever is the lesser, may be reserved for sale to officers and key employees of the Corporation and its subridiaries. As of October 31, 1954, 109,834 shares of the Corporation's authorized and unissued common stock were so reserved.

On September 23, 1954, options were granted to 87 officers and key employees for the purchase of 80.500 shares at \$49.30 per share, such price being 95% of the market price (\$51.875) of the common stock on that date. All of such options were constanding as of October 31, 1954.

Options become exercisable commencing one year from the date of grant in cumulative equal annual installinants over the first five years of the option term, but must be exercised not later than September 23, 1964.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Concluded)

### (10) SUPPLEMENTARY PROFIT AND LOSS INFORMATION:

(10) SOLICE SERVICES I WASTE WAS FROM INCOMENSION					
	Charged I	Charged Directly to		Charged to Other	
	To Costs	Other	Account	Amount	Total
Year Ended October 31, 1952:					
Maintenance and repairs	\$1,318,068	\$148,074	_	<b>\$</b> —	\$1,466,142
Depreciation and amortization of fixed assets	1,819,261	164,722	_	_	1,983,983
Taxes, other than income and excess profits taxes:					
Payroli	681,694	203,827	_	-	<b>#\$</b> 5,521
Other	194,308	66,351	·	· <del>-</del>	260,659
Management and service contract fees	-	-	_	_	_
Rents	375,709	693,920	_		1,069,629
Royalties	15,045	_		-	15,045
Year Ended October 31, 1953:					
Maintenance and repairs	\$2,262,975	\$305,606		<b>s</b> –	\$2,568,581
Depreciation and amortization of fixed assets	1,958,393	184,075		· _	2,142,468
Taxes, other than income and excess profits taxes:					
Payroll	841,167	176,431	_		1,017,598
Other	213,922	97,330		_	311,252
Management and service contract fees		_		_	_
Rents	400,253	659,293	_	_	1,059,546
Royalties	36.523		_	_	36,523
Year Ended October 31, 1934:					
Maintenance and repairs	\$2,039,606	\$171,339	_	<b>s</b> –	\$2,210,947
Depreciation and amortization of fixed assets	2,223,945	293,097	_		2,517,042
Taxes, other than income and excess profits taxes:		•			
Payroll	844,953	207,617	_	_	1,052,570
Other	221,452	102,581		_	324,033
Management and service contract fees	_	-	-	-	_
Rents	330,245	775,285	_	_	1,105,530
Royalties	48,889	_	_	_	46,889

### ACCOUNTANTS' REPORT

Board of Directors, AFFILIATED GAS EQUIPMENT, INC., Cleveland, Ohio.

We have examined the consolidated balance sheet of Affiliated Gas Equipment, Inc. and its consolidated subsidiaries as of October 31, 1954, and the related statements of consolidated income and surplus for the period of three years and ten months then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances; however, it was not practicable to confirm United States Government receivables, as to which we have satisfied ourselves by means of other auditing procedures.

In our opinion, the accompanying balance sheet and statements of income and surplus present fairly the consolidated financial position of Affiliated Gas Equipment, Inc. and its consolidated subsidiaries at October 31, 1954, and the consolidated results of their operations for the period of three years and ten months then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

We also have reviewed the tabulation of net sales and operating results of Affiliated Gas Equipment, Inc. and its consolidated subsidiaries included in this Proxy Statement under the caption "Earnings" for the period of five years and ten months ended October 31, 1954. The tabulation was compiled from consolidated financial statements of the Corporation and its subsidiaries reported on by us annually, based upon examinations similar to our examination for the period of three years and ten months ended October 31, 1954. In our opinion, such tabulation presents fairly, in accordance with generally accepted accounting principles, applied on a consistent basis, the information therein summarized.

ERNST & ERNST
Certified Public Accountants

Cleveland, Ohio December 1, 1954

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# AFFILIATED GAS EQUIPMENT, INC. AND CONSOLIDATED SUBSIDIARIES CONSOLIDATED BALANCE SHEET

### October 31, 1954

### ASSETS

Cash		\$ 5,645,94
Accounts receivable:		
Civilian (less allowances for uncollectible accounts-\$89,322)	\$ 6,039,533	
Defense (includes \$603,993 from U. S. Government)	958,429	6,417,16
Inventories—Note A:		
Civilian:		
Finished products	\$ 5,963,304	
Work in process	2,413,580	
Materials and supplies	2,142,977	
	\$10,519,861	
Defense:		
Materials, supplies, and work in process	1,208,922	11,72x,7g
Reimbursable costs-deiense facilities contracts.		154.37.
TOTAL CURRENT ASSETS		\$21,927,05
TREE ASSETS;		
Refundable taxes on income of prior years—estimated	\$ 137,000	
Investment in unconsolidated subsidiary—at cost, less allowance (represents approximate equity in net assets)	120.400	
Remaining installments under employee stock purchase plan	4,800	
Sundry receivables, etc.	178,361	432,56
ANT AND EQUIPMENT—at cost less allowances for wear;		
Land	\$ 380,852	
Buildings	3,227,391	
Machinery and equipment	7,492,539	
Defense (scilities	554,976	
•	\$11,655,758	
Less allowances for wear (depreciation and amortization)	3.964,599	7,601,16
efered Charge:		
Deferred expenses (insurance, organization, and other)-Note B.		61:74
- · · · · ·		\$32,494,53

See principles of consolidation and notes to financial statements

# AFFILIATED GAS EQUIPMENT, INC. AND CONSOLIDATED SUBSIDIARIES CONSOLIDATED BALANCE SHEET

### October 31, 1954

LIABILITIES AND SHAREHOLDERS' INVESTED	CAPITAL	
CURRENT LIABILITIES:		,
Accounts payable and accrued liabilities		\$ 3,257,82
Portion of long-term debt due within one year		632,00
Taxes on income, price redetermination, and renegotiation—estimated—Note C		3,044,156
TOTAL CURRENT LIABILITIES		\$ 6,933,97
LONG-TREM DEST:		
Parent Company:		
Notes bearing 44% interest, due in equal annual installments of \$450,000 plus 10% of net income for the preceding year; remaining amount due April 1, 1968. Amount due within one year included in current liabilities.	\$ 6,217,000	
Canadian subsidiary:		
Mortgage note bearing 5% interest, due in equal annual installments of \$20,000 during the years 1956 to 1968. Amount due within one year included in current liabilities	260,000	6,477,000
Minority Interest;		
In preference shares of subsidiary		203,33
SHAREHOLDERS' INVESTED CAPITAL—Notes D, E, and F:		
Capital stock:		•
Preferred stock, \$3.00 cumulative, par value \$50 per share:		
Authorized and issued-33,330 shares	\$ 1,666,500	
Common stock, par value \$1.00 per share:		
Authorized-2,000,000 shares		
Issued—1,249,894 shares \$ 1,249,894		
Subscribed-612 shares 612	1,250,506	
Amount paid-in, subscribed, or assigned for stock in excess of par value—(capital surplus)—see statement	9,204,347	
Income retained for use and growth of the business (less income assigned to stock dividend)—(earned surplus)—see statement	6,960,515	
***************************************	\$19,081,848	
Less cost of 190 shares of preferred stock of the Corporation purchased on open		
market for retirement	9,634	19.072,234
CONTINCENT I FAMILIES.		\$32,686,53

CONTINGENT LIABILITY:

Reference is made to Note G

See principles of consolidation and notes to financial statements

# AFFILIATED GAS EQUIPMENT, INC. AND CONSOLIDATED SUBSIDIARIES STATEMENT OF CONSOLIDATED INCOME

### Period of three years and ten months ended October 31, 1954

	Y	ner Ended December 1952	11, 1951	Ten Months Ended Oct. 31, 1954
Gross sales, less returns, allowances, and sales tax	\$41,083,832	\$54,970,383	\$63,324,548	\$42,741,630
Cost of products sold-Notes A, H, and I	31,884,937	45,438,738	50,966,751	32,431,397
	\$ 9,198,895	\$ 9,531,545	\$12,357,797	\$10,310,233
Selling, engineering, general and administrative expenses (includes allowances for uncollectible accounts—1951—\$10,569;				
1952-\$19,913; 1954-\$35,000)-Notes H and I	5,039,503	5.780,565	6,915,209	5,571,571
	\$ 4,159,392	\$ 3,751,080	\$ 5,442,588	\$ 4,738,662
Other income:				
Discounts earned	145,774	169,505	216,211	98,986
Adjustment of patents (\$14,768) and plant and equipment (\$170,021) applicable to prior years—net	_	_	184,789	
Commissions carned	35,232	_	_	
Interest earned	2,847	3,646	4,087	8,367
Miscellaneous	\$3,500	2,221	1,351	25.204
	\$ 4,396,745	\$ 3,926,452	\$ 5,849,026	\$ 4,874,219
Other deductions:				
Interest expense:				
Long-term debt	\$ 261,917	\$ 229,853	\$ 303,507	\$ 260,656
Other	96,343	240,482	224,380	164,421
Loss on disposal of equipment	5,504	9,043	64.524	103,846
Amortization of organization and long-term debt expenses	33,025	33,003	32,415	24,268
Miscellaneous	40,191	33,629	178,514	207,594
	\$ 436,980	\$ 546,010	\$ 803,340	\$ 760.785
INCOME BEFORE TAXES ON INCOME, PRICE REDE- TERMINATION, AND RENEGOTIATION	\$ 3.959,765	\$ 3,360,442	\$ 5,045,686	\$ 4,113,434
Taxes on income, (and in 1954) price redetermination, and renegotiation—estimated:				
Provision for the period (includes excess profits tax: 1951—\$246,605; 1953—\$212,670)	\$ 2,413,504	\$ 1,775.776	\$ 2,772,246	\$ 2,433,700
Credit resulting from carry-back of unused excess profits				
credit to 1951		135.000		
	\$ 2,413,504	\$ 1.640,776	\$ 2.772,246	\$ 2,433,700
•	\$ 1,546,261	\$ 1,739,666	\$ 2,273,440	\$ 1,679,734
Dividends on preference shares of subsidiary held by minority	_	_	10,000	8,333
Net Ixoxe	\$ 1,546,261	\$ 1,739,666	\$ 2,263,440	\$ 1,671,401
MEL TACOME	\$ 1,340,401	2 1'\2\2\000	⇒ ±.263,440	\$ 1,0/1,401

See principles of consolidation and notes to financial statements

# AFFILIATED GAS EQUIPMENT, INC. AND CONSOLIDATED SUBSIDIARIES STATEMENTS OF CONSOLIDATED SURPLUS

### Period of three years and ten months ended October 31, 1954

	Year Ended December 11.		Ten Months Ended	
	1951	1973	1953	Oct. 31, 1954
AMOUNT PAID IN, SUBSCRIBER, OR ASSIGNED FOR STOCK IN EXCESS OF PAR VALUE—(Capital surplus)				
Balance at beginning of period	\$9,009,674	\$9,028,340	\$9,014,697	\$9,172,208
Add:				
Adjustments in connection with stock purchase plan	21,000	11,550*	8,076*	_
Excess of assigned value over par value of shares issued— stock dividend	_	_	166.467	-
Excess of proceeds over par value of 4.513 shares of common stock issued under stock option plan	_	_	~	32,120
	\$9,030,674	\$9,016,790	\$9,173,088	\$9,204,328
Less excess of cost over par value of preferred shares retired	2,334	2,093		19*
BALANCE AT EXP OF PERIOR	\$9,028,340	\$9,014,697	\$9,172,208	\$9,204,347
INCOME RETAINED FOR USE AND GROWTH OF THE BUSINESS (earned surplus)				
Balance at beginning of period.	\$2,219,765	\$3,171,536	\$4.320,502	\$5,799,793
Add net income for the period	1,546,261	1,739,666	2,363,440	1,671,401
	\$3,766,036	\$4,911,202	\$6,583,942	\$7,471,194
Less:				
Cash dividends declared:				
Preferred—\$3.00 per share in 1951, 1952, 1953, and \$2.25 per share in 1954	\$ 108,082	\$ 103,687	\$ 101,033	\$ 74,670
Common—\$40 per share in 1931, 1952, 1953, and \$.35 per share in 1954	486,408	487,013	487,864	436,009
Stock dividend declared—2% on common stock—23.871 shares at assigned value of \$8.00 per share, plus \$5,004,				
representing cash payment in lieu of fractional shares			195,252	
	\$ 594,490	\$ 590,700	\$ 784,149	\$ 510,679
BALANCE AT EMP OF PERIOR	\$3,171,536	\$4.320,502	\$5,799,793	\$6,950,515

See principles of consolidation and notes to financial statements.

[•] Indicates red figur-

### AFFILIATED GAS EQUIPMENT, INC. AND SUBSIDIARIES

### PRINCIPLES OF CONSOLIDATION AND NOTES TO FINANCIAL STATEMENTS

### PRINCIPLES OF CONSOLIDATION

(1) The consolidated statements include the accounts of the Corporation and all its subsidiaries whose common stock is 100% owned by the Corporation. One subsidiary (acquired in 1953) is not consolidated due to its large percentage of minority insects and relative numbers are relative numbers.

No separate statements are included herein for the subsidiary not consolidated as its assets are less than 15% of the assets on the parent and its subsidiaries on a consolidated basis, and its gross revenues are less than 15% of the gross revenues of the parent and its subsidiaries on a consolidated basis.

- (2) Inter-company sales have been eliminated and no inter-company profits were included in inventories.
- . (3) During the year 1953 the Corporation organized a Canadian subsidiary (Bryant Manufacturing, Limited), which then acquired all the common stock and a portion of the preference stock of another Canadian company (Toronto Hardware Mfg. Co., Limited). Except for the inclusion of the accounts of two aforementioned companies in the statements for the year 1951, and the period of ten months ended October 31. 1954, the statements include the accounts of the same companies.
- (4) The Corporation's equity in net assets of consolidated subsidiaries at October 31, 1954, exceeded the carrying amount of the investments in these consolidated subsidiaries by the amount of \$228,968 and represented:
  - (1) the amount of \$101,730, representing excess of book carrying amount of consolidated net assets of the Canadian subsidiaries at date of acquisition over cost of favestment therein, which amount has been applied as a reduction of carrying amount of machinery and equipment in the consolidated balance sheet; plus (2) undistributed net income of subsidiaries since dates of acquisition, amounting to \$127,238 which amount has been included in income retained for use and growth of the business (earned surplus).

### NOTES TO THE FINANCIAL STATEMENTS

Note A.—Inventories were priced principally at the lower of standard cost or market. Standards are revised periodically to reflect current operating conditions. Inventories at the beginning and end of each period (priced on the foregoing basis), used in determining cost of products sold, were as follows:

December 31, 1950	\$ 9,994,603
December 31, 1951	13,643,172
December 31, 1952	14.406,145
December 31, 1953	15,271,842
October 31, 1954	11,728,783
Note B-Deferred expenses consist of the following:	
Prepaid insurance, etc	\$ 488,990
1, 1949)	108,118
Long-term debt expense (being amortized over period of loan)	38.641
Total	\$ 435,749

Note C—Certain of the Corporation's sales for the year 1953 and the period of ten months ended October 31, 1953, are subject to price redetermination and renegotiation. Proceedings for the year 1953 with respect to renegotiation have not progressed to a point where the amount of refund, if any, may be determined; however, provisions for both price redetermination and renegotiation (included in provision for taxes on income) have been made in the financial statements in an amount that the management of the Corporation believes reasonable.

Note D—The preferred stock is redeemable at \$52.25 per share through January 15, 1958, and \$51.25 thereafter. The terms of the preferred stock also provide that the Corporation shall retire annually, by purchase or redemption, 31/3% of the number of shares issued prior to the close of the next preceding fiscal year. Preferred stock redeemed for this purpose shall be at \$51.50 per share through January 15, 1958, and \$51.25 per share threafter. The note agreement with the insurance companies and the provisions of the preferred stock include, among other things, certain restrictions as to the payment of dividends and other distributions. Under the foregoing restrictions, at October 31, 1954, \$3,346,831 of income retained for use and growth of the business was available for the payment of dividends.

Note E-At October 31, 1954, 65,555 shares of common stock were reserved for a stock option plan for officers and employees, under which options to purchase 30 074 shares were outstanding at varying price (\$80 to 89.13 per share, based on market price at date option was granted less adjustment for stock dividendly. During the period 4,513 shares were issued pursuant to such options at varying prices (\$8.00 to \$3.94) per share, and at October 31, 1954, options for 1,249 shares were exercisable.

### PRINCIPLES OF CONSOLIDATION AND NOTES TO FINANCIAL STATEMENTS-(Continued)

Note F-On November 4, 1954, the Board of Directors declared dividends of \$.15 per share on common stock payable December 15, 1954, and \$.75 per share on preferred stock payable December 20, 1954.

Note G-Under the terms of certain agreements the Corporation has agreed under certain conditions, to reacquire under a secondary liability, certain new, onused products sold under such contracts.

Note H-Depreciation, retirements, etc.:

Allowances for depreciation were computed on the basis of estimated remaining service lives as to each individual asset or against a service and the remaining lives; therefore, it is not practicable to state the rates used in computing allowances for wear (depreciation). Allowances for amortization of emergency facilities were computed on a basis which will amortize their cost over a period of 60 months following that of acoustion.

Maintenance, repairs, and renewals were charged to operating expense whereas betterments were capitalized. The general poly of the companies has been to relieve property accounts and related allowances for wear (depreciation) for property retired or otherwise disposed of at amounts included in those accounts. Any resulting gain or loss is recorded through income.

Norm I—Charges for maintenance and repairs, depreciation and amortization, amortization of deferred costs-defense production, taxes (other than income and excess profits taxes), rents, and royalties for the period of three years and ten months ended October 31, 1954, are summarized below:

Charles of the first seminarian and the seminarian		=		Ten Month
ACCOUNT CHARGED	1951	ear Raded Decambe 1952	1953	Ended Oct. 31,195
Maintenance and repairs:		1111		<u> </u>
Cost of products sold	\$620,247	\$725,888	\$ 662,537	\$488.031
Other profit and loss accounts.		21,491	13,186	9,386
Deferred costs-defense production		32.972	_	-
Toral	\$666,232	\$780,351	\$ 675,723	\$497,417
Depreciation and amortization:				
Cost of products sold		\$831,703	\$1,213,164	\$831.640
Other profit and loss accounts	61,686	62.872	70,283	62,965
TOTAL	\$711,626	\$894,575	\$1,283,447	\$894,605
Amortization of deferred costs— defense production:				
Cost of products sold	317,782	575,007	518,273	-
Taxes (other than income and excess profits taxes):  Cost of products sold:				
Payroll	\$208,448	\$292,099	\$ 273,205	\$165,559
Property and miscellaneous taxes.		338,971	339,409	256,154
•	\$495,246	\$631,070	\$ 612.614	\$421,712
Other profit and loss accounts:	41702.10	4	¥ 412,014	41-1,712
Payroll		\$ 50.430	\$ 47,650	\$ 44,620
State franchise		27,297	12,655	24,832
Property and miscellaneous taxes		41.265	44,914	27,665
	\$142,327	\$118,992	\$ 105,219	\$ 97,117
Deferred costs-defense production:	•	• • • •	•	<b>V</b> = 1,000.
Payroli	<b>8,269</b>	4,863	_	
TOTAL	\$645,£42	\$754,925	\$ 717,833	\$518,829
Maintenance and service contract fees		_	-	_
Rents:				
Cost of products soid		\$180 327	\$ 252,017	\$158.892
Other profit and loss accounts		77.807	128,289	98,750
Deferred costs-defense production	15,591	25.350		
Total	\$212,697	\$283,484	\$ 320,306	\$297,642
Royalties:	4.000	400	1	
Cost of products sold	8,090	4,263	1,646	2,428

Note J-In the computation of estimated liability for federal taxes on income at December 31, 1953, for 1953 and parent the Corporation computed its excess profits credit on the basis of a preliminary finding by a representative of the

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# PRINCIPLES OF CONSOLIDATION AND NOTES TO FINANCIAL STATEMENTS—(Concluded)

internal Revenue Serrice. During 1954 an adjustment of \$402,022 was charged against income retained for use and growth of the business as a result of a subsequent determination of the Corporation's excess profits credit.

In preparation of the statement of consolidated income, allocation has been made, to the years 1951, 1952, and 1953, of income at Adjustment resulting from the foregoing. The set income previously reported for the years referred to has been adductated by the amount of \$251,500, \$79,200, and \$121,742, respectively. The remaining portion (\$60,429 credit) of such adjustment applicable to the years 1969 and 1960 has been reflected in the attacement applicable to the years of 1969 and 1960 the best passing of 1951.

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Nors K.—On November 29, 1954, the management amounted that manufacturing operations at Chreband, Ohio were to be discontinued in the near future. Expenses in commertion therevith are indeterminable at this time and no prevision thereior is included in the accompanying femorial statements.

Nors L—The Corporation has glod a claim in connection with a terminated defense production contract which is subject to a counterclaim of leaser amount. It is impossible at this time to anticipate the ultimate disposition of these chieve and the Corporation expects to record any net recovery thereunder when received.

Nors M—At October 31, 1954, the unfunded past service cost of the Corporation's pension plans (which may be terminated by the Corporation) aggregated approximately \$700,000. Of this amount approximately \$250,000 will be eliminated when the approximately \$150,000 will be eliminated when the approximately \$105,000.

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# CARRIER CORPORATION AND SUBSIDIARY COMPANIES CONSOLIDATED PRO FORMA CONSOLIDATED BALANCE SHEET

Combining the Balance Sheet of Carrier Corporation and Subsidiary Companies Consolidated at October 31, 1954 and the Balance Sheet of Affiliated Gas Equipment, Inc. and Consolidated Subsidiaries at October 31, 1954

CURRENT ASSETS:	Carrier	AGE	Adjustments (Note 1)	Pro Porma
Cash	\$ 14,461,509	\$ 5,045,941	<b>;</b> -	\$ 19,507,450
U. S. Government and other marketable securities, at cost	4,495,000	· –	(2,823,150)	1,671,850
Receivables, less reserve	17,805,377	6,039,533	_	23,844,910
Billings and expenditures on U. S. Government contracts and subcontracts	5,613,569	2,321,724	~	7,935,293
Inventories—costs on uncompleted contracts, less billings; and finished goods, work in process and raw materials				
priced at the lower of cost or market	25,880,030	10,519,861	(100,000)	36,299,891
Total Current Assets	\$ 68,255,485	\$ 23,927,059	\$ (2,923,150)	\$ 89,259,394
Parpais Expresses, Segregates Fusios, Etc.:  Prepaid expenses and deferred charges	\$ 1,754,509 10,000,000 753,582 352,458 \$ 12,860,549	\$ 635,749 	\$ (146,000)   \$ (146,000)	\$ 2,244,258 10,000,000 673,962 664,619 \$ 13,782,859
LANS, BUILDINGS AND EQUIPMENT, AS COST.	\$ 28,578,663	\$ 11,655,758	<b>s</b> -	\$ 40,234,421
Less—Reserves for depreciation and amortization	8,446,173 \$ 20,132,490	3,964,590 \$ 7,691,168		\$ 27,823,658
PATENTS, DESIGNS, DEVELOPMENT, RESEARCE AND GOODWILL	<b>\$</b>	<b>.</b> -	<b>;</b> -	\$ I
Nova ·	\$101,248,525	\$ 12,686,537	\$ (3,069,150)	\$130,865,912

### Norts:

- (1) If the proposed merger is consummated, the adjustments as indicated are necessary to give effect to the following items:
  - (a) Revised capitalization, in accordance with the terms of the Agreement of Merger.
  - (b) Funding of the pro forma income tax liability by allocation of U. S. Government securities.
  - (c) Certain relatively minor adjustments to conform to Carrier's accounting procedures.
- (2) This mortgage was paid in full subsequent to October 31, 1954.

# CARRIER CORPORATION AND SUBSIDIARY COMPANIES CONSOLIDATED PRO FORMA CONSOLIDATED BALANCE SHEET

Combining the Balance Sheet of Carrier Corporation and Subsidiary Companies Consolidated at October 31, 1954 and the Balance Sheet of Affiliated Gas Equipment, Inc. and Consolidated Subsidiaries at October 31, 1954

	Carrier	AGE	Adjustments	D P
CURSENT LIABILITIES:	CHINE	AUE.	(Note 1)	Pro Forma
Portion of long-term debt due within one year		\$ 632,000	s –	\$ 632,000
Accounts payable and accrued expenses	10.343.388	3.257.820	· _	13.601.208
Dividend payable	732,231	_	_	732,231
Provision for income and excess profits taxes, etc	10,500,000	3,044,150	(221,000)	13.323,150
Less-U. S. Government securities, at cost	(10.500.000)		(2,823.150)	(13.323.150)
Advance billings, guarantee and completion reserves, etc	9,792,025		288 000	10,080.025
Total Current Liabilities	\$ 20,867,644	\$ 6,933,970	\$ (2,756,150)	\$ 25,045,464
Long-Term Dest:		-		
3.75% Note, due June I, 1979; annual prepayments of \$1,000,000—\$1,500,000, due each June 1 from 1960 to 1978 inclusive	\$ 25,000,000	<b>s</b> –	: -	\$ 25,000,000
4½% Notes, due April 1, 1968, annual prepayment of				
\$450,000 plus 10% of set income for the preceding year;				
less amount due within one year included lu current		4 217 000		4 317 000
liabilities	_	6,217,000	_	6,217,000
5% Mortgage Note of Canadian subsidiary due in equal annual installments of \$20,000 to 1968; less amount due within one year included in current liabilities (Note 2)		260,000		260,000
•	\$ 25,000.000	\$ 6,477,000	<u> </u>	\$ 31,477,000
MINORITY INTEREST, in preference shares of subsidiary	\$	\$ 203,333	\$	\$ 203,333
CAPITAL STOCK AND SUBPLUS (Note 3):		4	<del></del>	<del></del>
Preferred Stock-				
Carrier Corporation-				
Cumulative, par value \$50 per share; authorized:				
800,000 shares, issuable in series—				
41/5% Series - Authorized: 125.050.6 shares;				
issued and outstanding after merger, 125,050.6	_		. (252.530	
theres	\$ -	•	\$ 6,252,530	\$ 6,252,530
\$3 Series—Authorized: 33,140 shares; issued and outstanding after merger, 33,140 shares	_	_	1,657,000	1,657,000
Affiliated Gas Equipment, Inc.—	_	_	1000, 1000	1,000,000
\$3.00 cumulative, per value \$50 per share; authorized:				
33,330 shares; issued and outstanding 33,330 shares.				
less 190 shares held in Treasury, at cost (\$9,634)	_	1,656,866	(1,656,866)	
Common Stock—				
Carrier Corporation—				
Par value \$10 per share; authorized: 5,000,000 shares;				
issued and outstanding-				
Prior to merger-1,464,526 shares	14,645,260	_	(14.645,260)	
After merger-1,691,890,7 shares	_	-	16,918,907	16,918,907
Affiliated Gas Equipment, Inc				
Par value \$1 per share; authorized: 2,000,000 shares;				
issued and outstanding 1,250,506 shares, including		1 252 504	/1 7FA (A/)	
612 shares subscribed	<del></del>	1.259.506	(1,250.506)	
Carital Susaku	\$ 14,645,360	\$ 2,507,372	\$ 7,275.805	\$ 24,828,417
Capital Surplus	15,657 571 25,078,050	9.204.347 6.540 515	(7,275,805) (313,000)	17.5%6,113 31,725,56 <b>5</b>
Total Capital Stock and Surplus		\$ 19 672.234		\$ 74,140,115
rocat Capital Stock and Surplus	\$ 55,380,881		\$ (313.000)	
	\$101,248,525	\$ 32,686,537	\$ (3,069,150)	\$130.865,912
401 The above Box Seems Battery Co		bisk by a second		

- (3) The above Pro Forma Balance Sheet does not reflect the following items which have occurred or have been proposed for approval since October 31, 1954:
- (a) Proposed increase in the authorized number of shares of Carrier's Cumulative Preferred Stock from 800,000 to 1,000,000.
- (b) Purchase by AGE of 50 additional shares of its \$3.00 Cumulative Preferred Stock and issue by AGE of 2.361 shares of its Common Stock (of which 612 were subscribed as of October 31, 1954) under existing stock purchase and option plans.
- (4) Reference is also made to the notes to financial statements of the respective companies herein.

### AGREEMENT OF MERGER

AGREEMENT OF MERGER, dated as of January 28, 1955 between CARRIER CORPORATION, a Delaware corporation, and a majority of the directors thereof and Affiliated GAS EQUIPMENT, INC., a Delaware corporation, and a majority of the directors thereof (said corporations being hereinafter sometimes called "Carrier" and "AGE", respectively, and the "Constituent Corporations" collectively).

Whenexs, Carrier is a corporation duly organized and existing under the laws of the State of Delaware, having an authorized capital stock consisting of 800,000 shares of Cumulative Preferred Stock (\$30 par value) none of which is issued and outstanding, and 5,000,000 shares of Common Stock (\$10 par value) of which not less than 1,464,463 shares are issued and outstanding in the hands of the public, not more than 63 are reserved for issuance upon exercise of outstanding scrip certificates, and none is held in the treasury of Carrier; and

WHEREAS, AGE is a corporation duly organized and existing under the laws of the State of Delaware, having an authorized capital stock consisting of 33,330 shares of \$3.00 Cumulative Preferred Stock (Par Value \$50.00) of which 33,090 shares are issued and outstanding in the hands of the public and 240 are held in the treasury of AGE, and 2,000,000 shares of Common Stock (Par Value \$1.00) of which 1,252,255 shares are issued and outstanding in the hands of the public and none is held in the treasury of AGE; and

WHEREAS, the Boards of Directors of the Constituent Corporations deem it advisable that said corporations merge and have duly approved the form of this Agreement of Merger;

Now, THEREFORE, in consideration of the premises and of the mutual agreements and covenants herein contained, it is agreed that AGE shall be and the same hereby is merged into Carrier, one of said Constituent Corporations, and Carrier shall be the surviving corporation under the name Carrier Corporation and that the terms and conditions of such merger and the mode of carrying the same into effect are and the same shall be as follows:

### ARTICLE I

The certificate of incorporation of Carrier as in effect upon the merger becoming effective as herein provided shall remain the certificate of incorporation under which the business of Carrier Corporation, the surviving company (hereinafter sometimes called the "Company"), is to be conducted, subject nevertheless to amendment from time to time thereafter in the manner now or hereafter prescribed by law.

### ARTICLE II

For all purposes of the laws of the State of Delaware, this Agreement and the merger herein provided for shall become effective and the separate existence of AGE, except in so far as it may be continued by statute, shall cease as soon as (a) this Agreement shall have been adopted, approved, signed and acknowledged in accordance with the laws of the State of Delaware and certificates of its adoption and approval executed in accordance with such laws and (b) this Agreement and such certificates shall have been filed in the office of the Secretary of State of Delaware and recorded in the office of the recorder of New Castle County, Delaware

### ARTICLE III

The manner and basis of converting the shares of the Constituent Corporations into shares of the Company upon this Agreement becoming effective, as provided in Article II hereof, shall be as follows:

- (a) Each share of Common Stock of Carrier shall remain unchanged.
- (b) Each share of \$3.00 Cumulative Preferred Stock of AGE issued and outstanding in the hands of the public, and all rights in respect thereof, shall be converted into one share of Cumulative Preferred.

MODUCED AT THE AUTHORS, AND THE

### AGREEMENT OF MERGER

AGREEMENT OF MERGER, dated as of January 28, 1955 between CARRIER CORPORATION, a Delaware corporation, and a majority of the directors thereof and AFFILLATED GAS EQUIPMENT, INC., a Delaware corporation, and a majority of the directors thereof (said corporations being hereinafter sometimes called "Carrier" and "AGE", respectively, and the "Constituent Corporations" collectively).

WHEREAS, Carrier is a corporation duly organized and existing under the laws of the State of Delaware, having an authorized capital stock consisting of 800,000 shares of Cumulative Preferred Stock (\$50 par value) none of which is issued and outstanding, and 5,000,000 shares of Common Stock (\$10 par value) of which not less than 1,464,463 shares are issued and outstanding in the hands of the public, not more than 63 are reserved for issuance upon exercise of outstanding scrip certificases, and none is held in the treasury of Carrier; and

Whereas, AGE is a corporation duly organized and existing under the laws of the State of Delaware, having an authorized capital stock consisting of 33,300 shares of \$3.00 Cumulative Preferred Stock (Par Value \$50.00) of which 33,090 shares are issued and outstanding in the hands of the public and 240 are held in the treasury of AGE, and 2,000,000 shares of Common Stock (Par Value \$1.00) of which 1,252,255 shares are issued and outstanding in the hands of the public and none is held in the treasury of AGE; and

WHEREAS, the Boards of Directors of the Constituent Corporations deem it advisable that said corporations merge and have duly approved the form of this Agreement of Merger;

Now, THEREFORE, in consideration of the premises and of the mutual agreements and covenants herein contained, it is agreed that AGE shall be and the same hereby is merged into Carrier, one of said Constituent Corporations, and Carrier shall be the surviving corporation under the name Carrier Corporation and that the terms and conditions of such merger and the mode of carrying the same into effect are and the same shall be as follows:

### ARTICLE I

The certificate of incorporation of Carrier as in effect upon the merger becoming effective as herein provided shall remain the certificate of incorporation under which the business of Carrier Corporation, the surviving company (hereinafter sometimes called the "Company"), is to be conducted, subject nevertheless to amendment from time to time thereafter in the manner now or hereafter prescribed by law.

### ARTICLE II

For all purposes of the laws of the State of Delaware, this Agreement and the merger herein provided for shall become effective and the separate existence of AGE, except in so far as it may be continued by statute, shall cease as soon as (a) this Agreement shall have been adopted, approved, signed and acknowledged in accordance with the laws of the State of Delaware and certificates of its adoption and approval executed in accordance with such laws and (b) this Agreement and such certificates shall have been filed in the office of the Secretary of State of Delaware and recorded in the office of the recorder of New Castle County, Delaware.

### ARTICLE III

The manner and basis of converting the shares of the Constituent Corporations into shares of the Company upon this Agreement becoming effective, as provided in Article II hereof, shall be as follows:

- (a) Each share of Common Stock of Carrier shall remain unchanged.
- (b) Each share of \$3.00 Cumulative Preferred Stock of AGE issued and outstanding in the hands of the public, and all rights in respect thereof, shall be converted into one share of Cumulative Preferred.

the Company or to its duly authorized agent for cancellation of one or more certificates representing such shares shall thereafter be entitled to receive one or more certificates representing the number of shares of such stock of the Company to which such holder is entitled as above provided. The terms and provisions of such Cumulative Preferred Stock, \$3 Series, other than those appearing in the certificate of incorporation of Carrier, are set forth in the Certificate of Designation relating to such Series on file in the office of the Secretary of State of the State of Delaware.

(c) Each share of Common Stock of AGE, and all rights in respect thereof, shall be converted into (i) % oth of one share of Cumulative Preferred Stock, 44% Series, of the Company and (ii) % the

Stock, \$3 Series, of the Company, and each holder of shares of such stock of AGE, upon surrender to

- (c) Each share of Common Stock of AGE, and all rights in respect thereof, shall be converted into (i)  $\frac{1}{16}$  oft one share of Cumulative Preferred Stock,  $\frac{4}{16}$ % Series, of the Company and (ii)  $\frac{1}{16}$ 1 the of one share of Common Stock of the Company, and each holder of shares of such stock of AGE, upon surrender to the Company or te its duly authorized agent for vancellation of one or more certificates representing such shares shall thereafter be entitled to receive one or more certificates representing the number of full shares of stock of the Company to which such holder is entitled. No fractional shares of Common Stock and Cumulative Preferred Stock,  $\frac{4}{16}$ % Series, of the Company shall be issued by the Company. The terms and provisions of such Cumulative Preferred Stock,  $\frac{4}{16}$ % Series, other than those appearing in the certificate of incorporation of Carrier, are set forth in the Certificate of Designation relating to such Series on file in the office of the Secretary of State of the State of Delaware.
- (d) Each share of \$3.00 Cumulative Preferred Stock of AGE held in the treasury of AGE shall be cancelled.
- (e) Until surrendered as above provided, each outstanding certificate which prior to the merger becoming effective represented shares of stock of AGE shall be deemed for all corporate purposes other than the payment of dividends to evidence ownership of the number of full shares of stock of the Company into which the same shall have been changed as provided above. Unless and until any such outstanding certificates of AGE shall be so surrendered, no dividend payable to the holders of record of stock of the Company as of any date subsequent to the effective date of this merger shall be paid to the holders of such outstanding certificates, but upon such surrender of any such outstanding certificate or certificates, there shall be paid to the record holder of the certificate or certificates of stock of the Company, into which such shares shall have been so changed, the amount of dividends which theretofore became payable with respect to such shares of stock of the Company.

### ARTICLE IV

Upon this Agreement becoming effective, the assets and liabilities of AGE shall be taken up on the books of the Company at the amount at which they shall at that time be carried on the books of AGE, subject to adjustments necessary to conform to Carrier's accounting procedures.

### ARTICLE V

On the effective date of this Agreement, (i) the Company shall possess all the rights, privileges, powers and franchises as well of a public as of a private nature and shall be subject to all the restrictions, disabilities and duties of AGE; (ii) the Company shall be vested with all property, real, personal and mixed, and all debts due to AGE on whatever account, as well for stock subscriptions as all other things in action or belonging to AGE; and (iii) all property, rights, privileges, powers and franchises of AGE shall be thereafter as effectually the property of the Company as they were of AGE but all rights of creditors and all liens upon any property of AGE shall be preserved unimpaired, limited in lien to the property affected by such liens immediately prior to the effective date of this Agreement, and all debts, liabilities and duties of AGE shall thenceforth attach to, and are hereby assumed by, the Company and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it.

AGE agrees that from time to time as and when requested by the Company, or by its successors or assigns, it will execute and deliver or cause to be executed and delivered all such deeds and other instruments, and

will take or cause to be taken such further or other action, as the Company may deem necessary or desirable, in order to vest in and confirm to the Company title to and possession of all the property, rights, privileges, powers, franchises and immunities of AGE and otherwise to carry out the intent and purposes of this Agreement.

IN WITNESS WHEREOF, this Agreement has been signed by a majority of the directors of each of the Constituent Corporations and each of the Constituent Corporations has caused its corporate seal to be hereto affixed and attested by the signature of its Secretary or Assistant Secretary, all as of the day and year first above written.

Directors of:	Directors of:
CARRIER CORPORATION	Affiliated Gas Equipment, Inc.
ELLIOTT V. BELL.	William J. Bailey, Jr.
Elliott V. Bell	William J. Bailey, Jr.
WILLIAM BYNUM	Francis H. Beam
William Bynum	Francis H. Beam
CLIFFORD HEMPRILL	Lyle C, Harvey
Clifford Hemphill	Lyle C. Harvey
H. FOLLETT HOPGKINS	WILLIAM A. MCAFEE
H. Follett Hodgkins	William A. McAfee
	NORBERT A. MCKENNA
Max McGraw	Norbert A. McKenna
W. H. G. Musray	J FRENCH ROBINSON
W. H. G. Murray	J French Robinson
Cola G. Parker	[CORPORATE SEAL]
BAYARD F. POPE	(
Bayard F. Pope	
FREDERICK B. SCOTT	Attest:
Frederick B. Scott	JOHN A. WILSON
HERSERT E. SMITH	JOHN A. WILSON
Herbert E. Smith	Secretary
HERMAN W. STEINERAUS	
Herman W. Steinkraus	· <del></del> ·
CLOUD WAMPLER	
Cloud Wampler	
GARDNER SYMONDS	
Gardner Symonds	<del></del> .
CORPORATE SEAL)	
Attest:	
HERMAN SEID	<u> </u>
HERMAN SEID	
Secretary	

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